FAR EAST GROUP LIMITED
远 东 集 团 有 限 公 司
Company Reg. No.: 196400096C

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2026

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited ("**SGX-ST** and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Audrey Mok (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group Unaudited 1H2026 S$'000	Group Unaudited 1H2025 S$'000	Change +ve/(-ve) S$'000	Change +ve/(-ve) %
Revenue	4	46,736	41,226	5,510	13.4
Cost of sales		(39,134)	(33,838)	(5,296)	15.7
Gross profit		7,602	7,388	214	2.9
Other operating income		1,463	1,624	(161)	(9.9)
Distribution and selling expenses		(2,748)	(2,887)	139	(4.8)
Administrative expenses		(5,994)	(5,811)	(183)	3.2
(Impairment loss)/reversal of impairment losses on trade and other receivables and contract assets		(96)	20	(116)	n.m.
Other operating expenses		(285)	(372)	87	(23.4)
Share of results of associates		1,149	1,287	(138)	(10.7)
		(7,974)	(7,763)	(211)	2.7
Profit from operations		1,091	1,249	(158)	(12.7)
Finance expenses		(646)	(893)	247	(27.7)
Interest income		22	28	(6)	(21.4)
Profit before tax	6	467	384	83	21.6
Tax expense	7	(171)	(168)	(3)	1.8
Profit for the period		296	216	80	37.0
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		623	(624)	1,247	n.m.
Total comprehensive income for the period		919	(408)	1,327	n.m.
Profit/(loss) for the period attributable to :-					
Owners of the Company		521	494	27	5.5
Non-controlling interests		(225)	(278)	53	(19.1)
		296	216	80	37.0
Total comprehensive income for the period attributable to :-					
Owners of the Company		1,106	(53)	1,159	n.m.
Non-controlling interests		(187)	(355)	168	(47.3)
		919	(408)	1,327	n.m.
Profit per share based on profit for the period attributable to the owners of the Company :					
Basic and diluted (cents)		0.47	0.44		

There were no potential dilutive ordinary shares existing during the respective financial periods.

n.m. : not meaningful

1H: 6 months ended 30 June

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
	Notes	Unaudited 30 Jun 2026 S$'000	Audited 31 Dec 2025 S$'000	Unaudited 30 Jun 2026 S$'000	Audited 31 Dec 2025 S$'000
Non-current assets					
Fixed assets	9	22,680	23,052	18,751	19,156
Intangible assets		188	188	-	-
Right-of-use assets		13,622	14,018	12,983	13,318
Land use rights		1,529	1,528	-	-
Investment in subsidiaries		-	-	21,465	20,570
Investment in associates		11,188	9,825	7,281	7,281
Investment securities	8	11,525	11,525	-	-
Deferred tax assets		1,087	1,085	-	-
Other receivables		120	120	120	120
Total non-current assets		**61,939**	**61,341**	**60,600**	**60,445**
Current assets					
Inventories		16,794	16,613	5,927	7,087
Investment securities	8	488	486	488	486
Trade receivables		12,041	15,400	1,165	1,272
Contract assets		10,797	8,154	-	-
Other receivables		913	971	183	576
Deposits		564	393	76	81
Prepayments		276	289	35	44
Advance payment to suppliers		2,115	3,591	584	2,593
Amounts due from subsidiaries (trade)		-	-	1,010	399
Amounts due from subsidiaries (non-trade)		-	-	7,360	7,241
Amounts due from associates (trade)		146	276	-	-
Amounts due from associates (non-trade)		206	132	-	-
Tax recoverable		77	31	-	-
Fixed asset held for sale	11	-	63	-	-
Fixed deposits		207	207	7	7
Cash and bank balances		6,613	9,634	1,903	3,092
Total current assets		**51,237**	**56,240**	**18,738**	**22,878**
Current liabilities					
Trade payables		10,587	7,998	2,788	618
Contract liabilities		3,224	1,254	776	445
Trust receipts (secured)	10	7,831	12,570	4,611	8,732
Other payables		980	1,094	433	197
Accruals and other liabilities		9,295	12,527	1,797	4,675
Dividend payable		31	28	29	28
Amounts due to subsidiaries (trade)		-	-	8,256	7,282
Amounts due to subsidiaries (non-trade)		-	-	369	1,144
Provision for income tax		56	141	-	-
Lease liabilties (current)		600	859	586	588
Term loans (current)	10	5,900	5,859	3,125	3,669
Total current liabilities		**38,504**	**42,330**	**22,770**	**27,378**
Net current assets/(liabilities)		**12,733**	**13,910**	**(4,032)**	**(4,500)**

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Notes	Unaudited 30 Jun 2026 S$'000	Audited 31 Dec 2025 S$'000	Unaudited 30 Jun 2026 S$'000	Audited 31 Dec 2025 S$'000
Non-current liabilities					
Deferred tax liabilities		3,207	3,085	-	-
Lease liabilities (non-current)		13,862	13,904	13,438	13,693
Term loans (non-current)	10	7,804	8,467	7,804	8,467
Total non-current liabilities		**24,873**	**25,456**	**21,242**	**22,160**
Net assets		**49,799**	**49,795**	**35,326**	**33,785**
Equity attributable to owners of the Company					
Share capital	12	19,680	19,680	19,680	19,680
Retained earnings		23,371	22,850	15,324	13,783
Fair value adjustment reserve		8,978	8,978	-	-
Capital reserve		(5)	230	322	322
Translation reserve		(3,297)	(3,882)	-	-
		48,727	47,856	35,326	33,785
Non-controlling interests		1,072	1,939	-	-
Total equity		**49,799**	**49,795**	**35,326**	**33,785**

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Group	
		1H2026 Unaudited S$'000	1H2025 Unaudited S$'000
Cash flows from operating activities			
Profit before tax	E6	467	384
Adjustments:			
Impairment loss/(reversal of impairment losses) on trade and other receivables and contract assets	E6	26	(20)
Bad debts written off	E6	70	-
Allowance for obsolete and slow-moving inventories, net	E6	257	20
Inventories written off	E6	1	-
Fixed assets written off	E6	1	-
Loss on disposal of fixed assets, net	E6	-	3
Depreciation of fixed assets	E6	773	749
Depreciation of right-of-use assets	E6	546	523
Net fair value gain on held for trading investment securities	E6	(2)	(132)
Depreciation of land use rights	E6	22	22
Dividend income	E6	(283)	(336)
Finance expenses	E6	646	893
Interest income	E6	(22)	(28)
Share of results of associates	E6	(1,149)	(1,287)
Translation differences		318	(35)
Operating cash flows before working capital changes		1,671	756
(Increase)/decrease in:			
Inventories		(439)	(1,129)
Trade receivables		2,934	620
Contract assets		(2,643)	2,744
Other receivables		239	818
Deposits, prepayments and advance payment to suppliers		1,318	2,121
Amounts due from associates (trade)		130	(89)
Increase/(decrease) in:			
Trade payables		10,420	8,289
Contract liabilities		1,970	266
Other payables		(385)	(351)
Accruals and other liabilities		(3,151)	(803)
Cash flows generated from operations		12,064	13,242
Interest paid		(356)	(587)
Income taxes paid		(253)	(322)
Income taxes refunded		36	15
Interest income		22	28
Net cash flows generated from operating activities		11,513	12,376

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Notes	Group	
		1H2026 Unaudited S$'000	1H2025 Unaudited S$'000
Cash flows from investing activities			
Dividends received		170	553
Amount due from associates (non-trade)		(74)	-
Acquisition of additional shares in a subsidiary		(295)	-
Proceeds from disposal of fixed assets		1	2
Purchase of fixed assets	9	(263)	(32)
Proceeds from disposal of investment securities		-	1,246
Net cash flows (used in)/generated from investing activities		(461)	1,769
Cash flows from financing activities			
Dividends paid to non-controlling interest of a subsidiary		(20)	-
Repayment of trust receipts, net of proceeds		(12,598)	(11,681)
Repayment of lease liabilities		(741)	(773)
Repayment of term loans		(3,419)	(7,532)
Proceeds from term loans		2,699	4,097
Net cash flows used in financing activities		(14,079)	(15,889)
Net decrease in cash and cash equivalents		(3,027)	(1,744)
Effect of exchange rate changes on cash and cash equivalents		6	(9)
Cash and cash equivalents at beginning of period		9,841	6,470
Cash and cash equivalents at end of period		6,820	4,717
Cash and cash equivalents consist of the following :			
Cash and bank balances		6,613	4,711
Fixed deposits		207	6
		6,820	4,717

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Equity, total S$'000	Equity attributable to owners of the Company, total S$'000	Share capital S$'000	Retained earnings S$'000	Fair value adjustment reserve S$'000	Capital reserve S$'000	Translation reserve S$'000	Non-controlling interests S$'000
Group								
Balance at 1 January 2026	**49,795**	**47,856**	**19,680**	**22,850**	**8,978**	**230**	**(3,882)**	**1,939**
Profit/(loss) for the period	296	521	-	521	-	-	-	(225)
Other comprehensive income								
Foreign currency translation	623	585	-	-	-	-	585	38
Total comprehensive income	919	1,106	-	521	-	-	585	(187)
Contributions by and distribution to owners								
Dividends paid to non-controlling interest of a subsidiary	(20)	-	-	-	-	-	-	(20)
Changes in ownership interest in subsidiary								
Acquisition of non-controlling interest without change in control[(a)]	(895)	(235)	-	-	-	(235)	-	(660)
Balance at 30 June 2026	**49,799**	**48,727**	**19,680**	**23,371**	**8,978**	**(5)**	**(3,297)**	**1,072**

Note (a): On 17 June 2026, the Company completed its acquisition of a 7.05% equity interest in Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd ("**ERM**").

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Equity, total S$'000	**Equity attributable to owners of the Company, total S$'000**	**Share capital S$'000**	**Retained earnings S$'000**	**Fair value adjustment reserve S$'000**	**Capital reserve S$'000**	**Translation reserve S$'000**	**Non-controlling interests S$'000**
<u>Group</u>								
Balance at 1 January 2025	**45,066**	**43,082**	**19,680**	**20,817**	**6,778**	**230**	**(4,423)**	**1,984**
Profit/(loss) for the period	216	494	-	494	-	-	-	(278)
<u>Other comprehensive income</u>								
Foreign currency translation	(624)	(547)	-	-	(427)	-	(120)	(77)
Total comprehensive income	(408)	(53)	-	494	(427)	-	(120)	(355)
Balance at 30 June 2025	**44,658**	**43,029**	**19,680**	**21,311**	**6,351**	**230**	**(4,543)**	**1,629**

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the Company			
	Equity, total S$'000	Equity attributable to owners of the Company, total S$'000	Share capital S$'000	Retained earnings S$'000	Capital reserve S$'000
<u>**Company**</u>					
Balance at 1 January 2026	**33,785**	**33,785**	**19,680**	**13,783**	**322**
Profit for the period, representing total comprehensive income for the period	1,541	1,541	-	1,541	-
Balance at 30 June 2026	**35,326**	**35,326**	**19,680**	**15,324**	**322**
Balance at 1 January 2025	**33,835**	**33,835**	**19,680**	**13,833**	**322**
Profit for the period, representing total comprehensive income for the period	465	465	-	465	-
Balance at 30 June 2025	**34,300**	**34,300**	**19,680**	**14,298**	**322**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Far East Group Limited (the "**Company**") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June ("**1H**") 2026 comprise the Company and its subsidiaries (collectively, the "**Group**"). The principal activities of the Company consist of manufacturing and trading of refrigeration parts, servicing of cold rooms, construction and installation of commercial and industrial cold rooms and all other incidental business of refrigeration.

The principal activities of the Group are disclosed in Note 4 on segment and revenue information below.

2. Basis of Preparation

The condensed interim financial statements for 1H2026 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2025 ("**FY2025**").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2.1. New and amended standards adopted by the Group

The Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2026. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2.2.1 Judgements made in applying accounting policies

2.2.1a Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the Group's regional business relationships and the nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

As at 30 June 2026, the carrying amounts of the Group's tax recoverable, provision for income tax, deferred tax assets and deferred tax liabilities amounted to S$77,000 (31 December 2025: S$31,000), S$56,000 (31 December 2025: S$141,000), S$1,087,000 (31 December 2025: S$1,085,000) and S$3,207,000 (31 December 2025: S$3,085,000) respectively.

2.2.1b Assessment of classification of unquoted investment security

The Group holds 30% equity interest in its unquoted investment security. The Group does not participate in the operating and financing decision process, fails to obtain representation on the board of directors and is unable to obtain timely or adequate financial information required to apply equity method. Based on these facts and circumstances, management concludes that the Group cannot exert a significant influence in its unquoted investment security and classifies this investment as financial instrument carried at fair value through other comprehensive income.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.2.2a Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As at 30 June 2026, the carrying amounts of the Company's investments in subsidiaries S$21,465,000 (31 December 2025: S$20,570,000).

2.2.2b Expected credit losses ("ECL") for trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. For trade receivables and contract assets, the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at 30 June 2026, the carrying amounts of the Group's and Company's trade receivables and contract assets, including balances with subsidiaries and associates amounted to S$22,984,000 (31 December 2025: S$23,830,000) and S$2,175,000 (31 December 2025: S$1,671,000) respectively.

2.2.2c Fair value measurement of unquoted equity security

The Group has investment in unquoted equity security which is measured at FVOCI. This requires the Group to engage external valuation expert to perform the valuation.

This financial instrument is categorised as Level 3 in the fair value hierarchy where certain pricing inputs to value these instruments are unobservable. The valuation involves the application of unobservable inputs such as discount for lack of marketability used by the external valuation expert.

As at 30 June 2026, the carrying amount of the unquoted equity security amounted to S$11,525,000 (31 December 2025: S$11,525,000).

2.2.2d Revenue from engineering contracts

Engineering contracts revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

Significant assumptions are required to estimate the total contract costs that will affect the stage of completion and revenue recognised. The estimates are based on the past experiences and knowledge of the project director and the quantity surveyor team.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As at 30 June 2026, the carrying amounts of the Group's contract assets arising from engineering contracts amounted to S$10,797,000 (31 December 2025: S$8,154,000).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group reports its financial performance based on the business segments of Wholesale and Distribution, Manufacturing and Engineering Solutions respectively. The Wholesale and Distribution segment represents the sale of the Group's own manufactured products, multinational agency products and other distribution models of the Group. The Manufacturing segment mainly comprises the manufacturing and sale of the Group's comprehensive range of energy-efficient heat-exchangers, compressor racks and condensing units. The Engineering Solutions segment represents the provision of system design and installation of various sustainable engineering solutions and applications for various industries. More information and details of the new business segments can be found on the Group's website www.fareastgroup.com.sg.

4.1. Reportable segments

Group	Wholesale and Distribution	Manufacturing	Engineering Solutions	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
1H2026					
Revenue	25,035	7,379	22,286	(7,964)	46,736
Cost of sales	(20,712)	(6,395)	(19,991)	7,964	(39,134)
Gross profit	**4,323**	**984**	**2,295**		**7,602**
1H2025					
Revenue	23,690	7,661	18,748	(8,873)	41,226
Cost of sales	(19,015)	(6,086)	(17,610)	8,873	(33,838)
Gross profit	**4,675**	**1,575**	**1,138**		**7,388**

4.2. Disaggregation of Revenue

Segment	Wholesale and Distribution		Manufacturing		Engineering Solutions		Elimination		Total	
	1H2026	**1H2025**	**1H2026**	**1H2025**	**1H2026**	**1H2025**	**1H2026**	**1H2025**	**1H2026**	**1H2025**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Primary geographical markets										
Singapore	4,373	3,800	993	893	21,564	18,016	(1,272)	(1,188)	25,658	21,521
Malaysia	8,729	10,258	395	375	-	-	(2,331)	(3,499)	6,793	7,134
Indonesia	4,804	5,103	-	-	-	-	(1,168)	(2,170)	3,636	2,933
People's Republic of China	5,691	3,420	5,980	6,385	-	-	(2,811)	(1,662)	8,860	8,143
Indo-China*	872	829	-	-	722	732	(382)	(354)	1,212	1,207
Others	566	280	11	8	-	-	-	-	577	288
	25,035	**23,690**	**7,379**	**7,661**	**22,286**	**18,748**			**46,736**	**41,226**

Revenue contribution from a single region is disclosed separately when it exceeds 5% of the Group's revenue respectively.

Major revenue streams										
Sale of goods	24,489	23,027	7,379	7,661	113	227	(7,962)	(8,871)	24,019	22,044
Project installation and maintenance services	-	-	-	-	1,953	1,627	(2)	(2)	1,951	1,625
Engineering contracts revenue	546	663	-	-	20,220	16,894	-	-	20,766	17,557
	25,035	**23,690**	**7,379**	**7,661**	**22,286**	**18,748**			**46,736**	**41,226**
Timing of transfer of goods or services										
At a point in time	24,489	23,027	7,379	7,661	2,066	1,854	(7,962)	(8,871)	25,972	23,671
Over time	546	663	-	-	20,220	16,894	(2)	(2)	20,764	17,555
	25,035	**23,690**	**7,379**	**7,661**	**22,286**	**18,748**			**46,736**	**41,226**

Geographical information
Non-current assets information based on the geographical location assets are as follows:

Non-current assets	**30 Jun 2026 $'000**	**31 Dec 2025 $'000**
Singapore	32,411	33,210
Malaysia	360	304
Indonesia	9	3
People's Republic of China	5,094	5,096
Indo-China*	145	173
	38,019	**38,786**

* relates to Vietnam, Myanmar and Cambodia

Non-current assets information presented above consist of fixed assets, intangible assets, right-of-use assets and land use rights as presented in the consolidated balance sheet.

5. Financial assets and financial liabilities

	Group		Company	
	30 Jun 2026 S$'000	31 Dec 2025 S$'000	30 Jun 2026 S$'000	31 Dec 2025 S$'000
Financial assets				
Financial assets at fair value through other comprehensive income ("**FVOCI**"):				
Unquoted equity security	11,525	11,525	-	-
Financial assets at fair value through profit or loss:				
Held for trading investment securities	488	486	488	486
Financial assets carried at amortised cost:				
Trade and other receivables, deposits, amounts due from subsidiaries (trade and non-trade), amounts due from associates (trade and non-trade), fixed deposits and cash and bank balances	20,690	27,133	11,704	12,788
	32,703	39,144	12,192	13,274
Financial liabilities				
Financial liabilities carried at amortised cost:				
Trade and other payables, trust receipts, accruals and other liabilities, dividend payable, amounts due to subsidiaries (trade and non-trade), lease liabilities and term loans	56,890	63,306	43,236	49,093

6. Profit before tax

6.1. Significant items

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	Group		
	Unaudited 1H2026 S$'000	Unaudited 1H2025 S$'000	Change +ve/(-ve) %
Interest income	(22)	(28)	(21.4)
Finance expenses	646	893	(27.7)
Allowance for obsolete and slow-moving inventories, net	257	20	>100.0
Inventories written off	1	-	n.m.
Impairment loss/(reversal of impaiment losses) on trade and other receivables and contract assets	26	(20)	n.m.
Bad debts written off	70	-	n.m.
Fixed assets written off	1	-	n.m.
Net fair value gain on held for trading investment securities	(2)	(132)	(98.5)
Loss on disposal of fixed assets, net	-	3	n.m.
Depreciation of fixed assets	773	749	3.2
Depreciation of right-of-use assets	546	523	4.4
Depreciation of land use rights	22	22	-
Dividend income	(283)	(336)	(15.8)
Share of results of associates	(1,149)	(1,287)	(10.7)
Foreign exchange losses, net	271	349	(22.3)

n.m. : not meaningful

6.2. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during 1H2026:

	Group S$'000	Company S$'000
Income		
Sales of goods to subsidiaries	-	6,402
Sales of goods to associates	662	-
Sales of goods to affiliated companies	605	-
Dividend income from subsidiaries	-	371
Management fee income from subsidiaries	-	984
Rental income from a subsidiary	-	270
Interest income from a subsidiary	-	1
Royalty fee income from a subsidiary	-	60
Expenses		
Purchases from subsidiaries	-	1,314
Loan interest paid to subsidiaries	-	4

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2026 S$'000	1H2025 S$'000
Current income tax expense	124	86
Deferred income tax expense relating to origination and reversal of temporary differences	47	82
	171	168

8. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	30 Jun 2026	31 Dec 2025
	S$'000	S$'000
FVOCI		
Unquoted equity security - Guangzhou Fayi Trading Co., Ltd.	11,525	11,525

The Group has elected to measure the unquoted equity security at FVOCI due to the Group's intention to hold the equity instruments for long-term appreciation.

8.1 Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

	Group			
	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
30 June 2026				
Financial assets				
At FVOCI investments- unquoted equity security	-	-	11,525	11,525
At fair value through profit or loss- held for trading investment securities (quoted)	488	-	-	488
31 December 2025				
Financial assets				
At FVOCI investments- unquoted equity security	-	-	11,525	11,525
At fair value through profit or loss- held for trading investment securities (quoted)	486	-	-	486

9. Fixed assets

During 1H2026, the Group acquired assets amounting to S$263,000 (1H2025: S$32,000) and disposed of assets amounting to S$1,100 (1H2025: S$5,200).

10. Borrowings

	Group				Company			
	As at 30 June 2026		As at 31 December 2025		As at 30 June 2026		As at 31 December 2025	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Repayable in one year or less, or on demand	13,800	53	18,344	369	7,907	53	12,265	369
Repayable after one year	8,483	-	9,065	-	8,261	-	8,997	-
Total borrowings	**22,283**	**53**	**27,409**	**369**	**16,168**	**53**	**21,262**	**369**

Details of any collateral
The above borrowings are secured by (i) legal mortgages over the leasehold land and buildings; (ii) corporate guarantee by the Company; (iii) leased assets; and (iv) a personal guarantee by a director of a subsidiary. Total borrowings include trust receipts, leases liabilities under hire purchase and term loans.

11. Fixed asset held for sale

	Group	
	30 Jun 2026	31 Dec 2025
	S$'000	S$'000
Property	-	63

In 2024, the Group committed to a plan to sell its leasehold building (the "**Property**") in Malaysia. As of 30 June 2026, the Property was reclassified from fixed asset held for sale to fixed asset following management's reassessment that the asset no longer met the criteria for classification as held for sale under SFRS(I) 5.

12. Share Capital

The total number of issued shares (excluding treasury shares) was 111,462,000 as at 30 June 2026 and 31 December 2025.

There was no change in the Company's issued and paid-up share capital from 1 January 2026 to 30 June 2026.

The Company did not hold any treasury shares or convertible instruments as at 30 June 2026, 31 December 2025 and 30 June 2025.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2026, 31 December 2025 and 30 June 2025.

13. Net assets value

	Group		Company	
	As at 30 Jun 2026	As at 31 Dec 2025	As at 30 Jun 2026	As at 31 Dec 2025
Net asset value attributable to owners of the Company (S$'000)	48,727	47,856	35,326	33,785
Number of ordinary shares ('000)	111,462	111,462	111,462	111,462
Net asset value per share (cents)	43.7	42.9	31.7	30.3

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, cost, and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

Revenue increased by S$5.5 million or 13.4%, from S$41.2 million in 1H2025 to S$46.7 million in 1H2026, primarily owing to increased contribution from Engineering Solutions segment and Wholesale and Distribution segment.

Revenue by Business Segment	Group				Change	Change
	1H2026 S$'000	Contribution %	1H2025 S$'000	Contribution %	+ve/(-ve) S$'000	+ve/(-ve) %
Wholesale and Distribution	18,465	39.5%	16,085	39.0%	2,380	14.8
Manufacturing	5,989	12.8%	6,393	15.5%	(404)	(6.3)
Engineering Solutions	22,282	47.7%	18,748	45.5%	3,534	18.9
	46,736	100%	41,226	100%	5,510	13.4

Revenue from Wholesale and Distribution segment increased by S$2.4 million in 1H2026 compared with 1H2025 mainly contributed by larger demand from Indonesia and China region.

Revenue from Manufacturing segment decreased by S$0.4 million in 1H2026 compared with 1H2025. The decrease is mainly contributed by lower demand for condensing units in 1H2026.

Revenue from Engineering Solutions segment increased by S$3.5 million in 1H2026 compared with 1H2025 mainly driven by larger contribution from telecommunication term contracts.

Gross profit and gross profit margin

The Group's gross profit increased by S$0.2 million or 2.9%, from S$7.4 million in 1H2025 to S$7.6 million in 1H2026. The gross profit margin decreased by 1.6 percentage points, from 17.9% in 1H2025 to 16.3% in 1H2026. This lower gross profit margin is mainly due to the customer mix as well as additional allowance for obsolete and slow moving inventories during 1H2026.

Other operating income

Other operating income decreased by S$0.2 million mainly due to lower fair value gain on held for trading investment securities in 1H2026 as compared with 1H2025.

Distribution and selling expenses

Distribution and selling expenses decreased by S$0.1 million mainly contributed by the lower exhibition costs.

Administrative expenses

Administrative expenses increased by S$0.2 million. This was mainly due to increase in (i) professional fees; (ii) utilities; and (iii) facility and building maintenance expenses.

Impairment losses on trade and other receivables and contract assets

The impairment losses on trade and other receivables and contract assets of approximately S$96,000 is a net result of (i) impairment loss on other receivables of S$81,000; (ii) bad debts written off on trade receivables of S$70,000; and (iii) reversal of impairment loss on trade and other receivables of S$55,000.

Other operating expenses

Other operating expenses decreased by S$0.1 million due to lower foreign exchange losses in 1H2026.

Finance expenses

Finance expenses decreased by $0.2 million due to reduction of borrowings and lower average interest rates in 1H2026.

Share of results of associates

The positive results from associates were mainly contributed by the Comfresh Group Holdings Pty Ltd and Fayi Technology Inc. of approximately S$0.7 million and S$0.3 million respectively.

Tax expense

Tax expense of S$0.1 million mainly comprised of current year tax provision of S$ 0.1 million.

Profitability

In view of the above, the Group recorded a profit before tax of S$0.5 million in 1H2026 as compared to S$0.4 million in 1H2025.

Review of Financial Position

Non-current assets

Non-current assets increased by S$0.6 million, from S$61.3 million as at 31 December 2025 to S$61.9 million as at 30 June 2026.

The increase was mainly due to increase in investment in associates of S$1.4 million. The increase was partially offset by a decrease in (i) fixed assets of S$0.4 million; and (ii) right-of-use assets of S$0.4 million.

Current assets

Current assets decreased by S$5.0 million, from S$56.2 million as at 31 December 2025 to S$51.2 million as at 30 June 2026.

The decrease was mainly due to decrease in (i) trade receivables of S$3.4 million; (ii) cash and bank balances and fixed deposits of S$3.0 million; (iii) advance payment to suppliers of S$1.5 million; and (iv) fixed asset held for sale of S$0.1 million. The decrease was partially offset by an increase in (i) contract assets of S$2.6 million; (ii) inventories of S$0.2 million; and (iii) deposits of S$0.2 million.

Current liabilities

Current liabilities decreased by S$3.8 million, from S$42.3 million as at 31 December 2025 to S$38.5 million as at 30 June 2026.

The decrease was mainly due to decrease in (i) trust receipts of S$4.8 million; (ii) accruals and other liabilities of S$3.2 million; (iii) lease liabilities of S$0.3 million; and (iv) other payables of S$0.1 million. The decrease was partially offset by an increase in (i) trade payables of S$2.6 million; and (ii) contract liabilities of S$2.0 million.

Non-current liabilities

Non-current liabilities decreased by S$0.6 million, from S$25.5 million as at 31 December 2025 to S$24.9 million as at 30 June 2026.

The decrease was mainly due to decrease in term loans of S$0.7 million and partially offset by an increase in deferred tax liabilities of S$0.1 million.

Equity

Total equity remained in the region of S$ 49.8 million in 30 June 2026 and 31 December 2025 respectively.

<u>Review of Cash Flow Statement</u>

Net cash flows generated from operating activities amounted to S$11.5 million in 1HY2026, mainly due to (i) operating cash inflows before working capital changes of S$1.7 million; and (ii) positive working capital changes of S$10.4 million. This was partially offset by (i) interest paid of S$0.4 million; and (ii) income taxes paid of S$0.2 million.

Net cash used in investing activities amounting to S$0.4 million in 1H2026 was mainly due to (i) acquisition of additional shares in a subsidiary of S$0.3 million; and (ii) purchase of fixed assets of S$0.3 million. This was partially offset by dividends received of S$0.2 million.

Net cash used in financing activities amounted to S$14.1 million in 1H2026. This was mainly due to (i) net repayment of trust receipts and bill payables of S$12.6 million; (ii) net repayment of term loans of S$0.7 million; and (iii) repayment of lease liabilities of S$0.7 million.

2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed.

3. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Uncertainties surrounding geopolitical developments and the global economic environment continue to weigh on market sentiment. Operating conditions are expected to remain challenging amid intense competition, supply chain disruptions, labour constraints, inflationary operating costs and increasingly stringent regulatory requirements, which may continue to exert pressure on the Group's profit margins. The Group will remain focused on fulfilment of customers' needs while maintaining operational discipline and cost efficiency.

While the Wholesale & Distribution segment continues to face increasing competition and price pressures, there are positive opportunities emerging from certain countries' growth initiatives.

In the Engineering Solutions segment, the Group expects a greater level of project completion of larger projects and the Group is excited about major projects currently underway in Singapore and which the Group is planning to participate in.

The Manufacturing segment is still on the path to recovery, and we remain optimistic to achieve stabilization and gradual improvement in the coming quarter.

4. Dividend

(a) Current Financial Period Reported on 30 June 2026
Any dividend declared for the current financial period that is reporting?

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date Payable

Not applicable.

(d) Record Date

Not applicable.

5. If no dividend has been declared/recommended, a statement to the effect and reason(s) for the decision.

No dividend is proposed for 1H2026 as the Board is of the view to conserve cash in this challenging year.

6. Interested Person Transaction ("IPT")

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There are no interested person transactions of S$100,000 or more during the financial period under review.

7. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

The Board of Directors confirms that the Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

8. Disclosure pursuant to Rule 706A of the Catalist Rules

On 18 June 2026, the Company announced that it had entered into a sale and purchase agreement to acquire 705,000 ordinary shares in ERM, representing 7.05% of the total issued and paid-up share capital of ERM for a consideration of RMB4,739,842. Save as disclosed above, there were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 1H2026. Neither was there any incorporation or striking off of subsidiary or associated company by the Group during 1H2026.

CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited results for the financial period ended 30 June 2026 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Far East Group Limited

Loh Mun Yew
CEO and Executive Chairman

Leng Chee Keong
COO and Executive Director

14 August 2026