



**Far East Group Limited**

(Company Registration No.:196400096C)  
(Incorporated in the Republic of Singapore on 18 March 1964)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2018**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

**1(a)(i) Consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	← Group →		
	Unaudited 1H2018 S\$'000	Unaudited 1H2017 S\$'000	Change +ve/(-ve) %
<b>Revenue</b>	16,298	17,215	(5.3)
Cost of sales	(12,288)	(11,893)	3.3
<b>Gross profit</b>	4,010	5,322	(24.7)
Other income	30,854	932	n.m.
Distribution and selling expenses	(2,541)	(2,459)	3.3
Administrative expenses	(4,719)	(3,137)	50.4
Other operating expenses	(5)	(292)	(98.3)
	(7,265)	(5,888)	23.4
<b>Profit from operations</b>	27,599	366	n.m.
Finance expenses	(558)	(188)	196.8
Interest income	3	26	(88.5)
<b>Profit before tax</b>	27,044	204	n.m.
Tax expense	(192)	(55)	249.1
<b>Profit for the period</b>	26,852	149	n.m.
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation	198	(255)	n.m.
<b>Total comprehensive income for the period</b>	27,050	(106)	n.m.
<b>Profit for the period attributable to :-</b>			
Owners of the Company	26,933	248	n.m.
Non-controlling interests	(81)	(99)	(18.2)
	26,852	149	n.m.
<b>Total comprehensive income for the period attributable to :-</b>			
Owners of the Company	27,125	(64)	n.m.
Non-controlling interests	(75)	(42)	78.6
	27,050	(106)	n.m.

n.m. : not meaningful

### 1(a)(ii) Additional information for the income statement

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

	← GROUP →		
	Unaudited 1H2018 S\$'000	Unaudited 1H2017 S\$'000	Change +ve/(-ve) %
Interest income	(3)	(26)	(88.5)
Interest expense	558	188	196.8
Write back of allowance for obsolete and slow moving inventories, net	(272)	(1,115)	(75.6)
Allowance for doubtful trade debts	-	34	n.m.
Write back of allowance for doubtful debts	(33)	(25)	32.0
Fixed assets written off	78	45	73.3
Gain on disposal of fixed assets held for sale	(6,590)	-	n.m.
Gain on disposal of fixed assets	(22,837)	(8)	n.m.
Depreciation of fixed assets	975	720	35.4
Dividend income from unquoted investment	-	(460)	n.m.
Amortisation of land use rights	23	23	-
Amortisation of intangible assets	45	44	2.3
Foreign exchange (gain)/loss, net	(44)	286	n.m.

n.m. : not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**STATEMENT OF FINANCIAL POSITION**

	← Group →		← Company →	
	Unaudited	Audited	Unaudited	Audited
	30 June 2018 S\$'000	31 December 2017 S\$'000	30 June 2018 S\$'000	31 December 2017 S\$'000
<b>Non-current assets</b>				
Fixed assets	33,206	36,779	25,487	28,681
Intangible assets	461	504	-	-
Land use rights	1,940	1,961	-	-
Investments in subsidiaries	-	-	15,102	15,102
Investment in joint venture	96	96	136	136
Investment in associate	143	143	-	-
Unquoted investments	448	90	-	-
Deferred tax assets	146	143	-	-
Deposits	1	10	-	-
<b>Total non-current assets</b>	<b>36,441</b>	<b>39,726</b>	<b>40,725</b>	<b>43,919</b>
<b>Current assets</b>				
Inventories	13,145	10,720	5,204	4,307
Trade debtors	5,726	7,513	1,601	2,700
Other receivables	591	2,382	61	1,606
Deposits	136	132	12	8
Prepayments	192	324	90	207
Advance payment to suppliers	1,341	530	1,002	463
Due from subsidiaries (trade)	-	-	2,287	2,562
Due from subsidiaries (non-trade)	-	-	3,208	2,517
Due from affiliated companies (trade)	353	399	-	-
Tax recoverable	233	235	-	-
Fixed assets held for sale	-	1,154	-	1,197
Fixed deposits	468	460	6	6
Cash and bank balances	26,391	4,191	22,847	1,370
<b>Total current assets</b>	<b>48,576</b>	<b>28,040</b>	<b>36,318</b>	<b>16,943</b>
<b>Current liabilities</b>				
Trade payables	2,106	2,369	696	667
Advance payment from customers	1,186	773	330	160
Trust receipts and bills payable (secured)	5,326	4,050	5,326	4,050
Other creditors	984	405	776	110
Accruals and other liabilities	2,303	2,272	1,434	1,349
Dividend payable	115	115	114	114
Due to subsidiaries (trade)	-	-	1,236	1,287
Due to subsidiaries (non-trade)	-	-	156	124
Due to affiliated company (trade)	-	16	-	-
Due to affiliated company (non-trade)	158	156	-	-
Provision for income tax	-	2	-	-
Finance lease obligations (current)	14	14	11	10
Term loans (current)	3,881	15,057	965	12,470
<b>Total current liabilities</b>	<b>16,073</b>	<b>25,229</b>	<b>11,044</b>	<b>20,341</b>
<b>Net current assets/(liabilities)</b>	<b>32,503</b>	<b>2,811</b>	<b>25,274</b>	<b>(3,398)</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	9	9	-	-
Finance lease obligations (non-current)	63	69	44	49
Term loans (non-current)	16,566	17,057	16,566	17,057
<b>Total non-current liabilities</b>	<b>16,638</b>	<b>17,135</b>	<b>16,610</b>	<b>17,106</b>
<b>Net assets</b>	<b>52,306</b>	<b>25,402</b>	<b>49,389</b>	<b>23,415</b>
<b>Share capital and reserves</b>				
Share capital	19,264	19,264	19,264	19,264
Retained earnings	33,350	6,612	29,803	3,829
Capital reserve	322	322	322	322
Translation reserve	(2,620)	(2,812)	-	-
	50,316	23,386	49,389	23,415
<b>Non-controlling interests</b>	1,990	2,016	-	-
<b>Total equity</b>	<b>52,306</b>	<b>25,402</b>	<b>49,389</b>	<b>23,415</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand and amount repayable after one year**

	<b>As at 30 June 2018</b>		<b>As at 31 December 2017</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Repayable in one year or less, or on demand	9,221	-	19,121	-
Repayable after one year	16,629	-	17,126	-
<b>Total borrowings</b>	<b>25,850</b>	<b>-</b>	<b>36,247</b>	<b>-</b>

**Details of any collateral**

The above borrowings are secured by legal mortgage over the leasehold land and buildings, plant and machinery, land use rights, and motor vehicles of the Group.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	← GROUP →	
	Unaudited 1H2018 S\$'000	Unaudited 1H2017 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	27,044	204
Adjustments:		
Allowance for doubtful trade debts	-	34
Write back of allowance for doubtful trade debts	(33)	(25)
Write back of allowance for obsolete and slow moving inventories, net	(272)	(1,115)
Fixed assets written off	78	45
Gain on disposal of fixed assets	(22,837)	(8)
Gain on disposal of fixed assets held for sale	(6,590)	-
Depreciation of fixed assets	975	720
Dividend income from unquoted investment	-	(460)
Amortisation of land use rights	23	23
Amortisation of intangible assets	45	44
Finance expenses	558	188
Interest income	(3)	(26)
Translation difference	121	25
Operating cash flows before working capital changes	(891)	(351)
<i>(Increase)/decrease in:</i>		
Inventories	(2,153)	(953)
Trade debtors	1,820	853
Other receivables	1,421	(99)
Deposits, prepayments and advance payment to suppliers	(674)	(1,260)
<i>Increase/(decrease) in:</i>		
Trade payables	(263)	245
Advance payment from customers	413	(365)
Other creditors	579	(99)
Accruals and other liabilities	31	(199)
Amounts due to affiliated companies, net	32	172
Cash generated from/(used in) operations	315	(2,056)
Interest paid	(558)	(188)
Income taxes paid	(352)	(107)
Income taxes refunded	157	68
Interest income	3	26
<b>Net cash flows used in operating activities</b>	(435)	(2,257)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets	27,000	8
Proceeds from disposal of fixed assets held for sale	7,764	-
Purchase of fixed assets	(1,611)	(235)
Dividends received	31	-
Capital contribution from non-controlling interest	49	-
Purchase of unquoted investment	-	(20)
<b>Net cash flows generated from/(used in) investing activities</b>	33,233	(247)

	← GROUP →	
	Unaudited 1H2018 S\$'000	Unaudited 1H2017 S\$'000
<b>Cash flows from financing activities</b>		
Trust receipts and bills payable	1,276	2,179
Dividend paid	(195)	-
Repayment of finance lease obligations	(6)	(72)
Repayment of term loans	(15,562)	(2,898)
Proceeds from term loans	3,895	3,410
<b>Net cash flows (used in)/generated from financing activities</b>	(10,592)	2,619
<b>Net increase in cash and cash equivalents</b>	22,206	115
Effect of exchange rate changes on cash and cash equivalents	2	(9)
Cash and cash equivalents at beginning of period	4,551	6,285
<b>Cash and cash equivalents at end of period</b>	26,759	6,391
<b>Cash and cash equivalents consist of the following :</b>		
Cash and bank balances	26,391	5,918
<i>Less</i> : bank deposit pledged	(100)	-
Fixed deposits	468	473
	26,759	6,391

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to shareholders of the Company						Non-controlling interests
	Equity, Total	Equity attributable to owners of the Company, total	Share capital	Retained earnings	Capital reserve	Translation reserve	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>GROUP</b>							
<b>Balance at 1 January 2018</b>	25,402	23,386	19,264	6,612	322	(2,812)	2,016
Profit/(Loss) for the period	26,852	26,933	-	26,933	-	-	(81)
Other comprehensive income	198	192	-	-	-	192	6
Total comprehensive income	27,050	27,125	-	26,933	-	192	(75)
<u>Contribution by and distributions to owners</u>							
Dividends on ordinary shares	(195) <span style="color: green;">▲</span>	(195)	-	(195)	-	-	-
<u>Changes in ownership interests in subsidiaries</u>							
Capital contribution from non-controlling interest	49 <span style="color: green;">▲</span>	-	-	-	-	-	49
<b>Balance at 30 June 2018</b>	52,306	50,316	19,264	33,350	322	(2,620)	1,990
<b>Balance at 1 January 2017</b>	25,185	23,106	19,264	6,228	322	(2,708)	2,079
Profit/(Loss) for the period	149 <span style="color: green;">▲</span>	248	-	248	-	-	(99)
Other comprehensive income	(255) <span style="color: green;">▲</span>	(312)	-	-	-	(312)	57
Total comprehensive income	(106)	(64)	-	248	-	(312)	(42)
<b>Balance at 30 June 2017</b>	25,079	23,042	19,264	6,476	322	(3,020)	2,037
<b>COMPANY</b>							
<b>Balance at 1 January 2018</b>	23,415	23,415	19,264	3,829	322	-	-
Profit for the period	26,169	26,169	-	26,169	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	26,169	26,169	-	26,169	-	-	-
<u>Contribution by and distributions to owners</u>							
Dividends on ordinary shares	(195) <span style="color: green;">▲</span>	(195)	-	(195)	-	-	-
<b>Balance at 30 June 2018</b>	49,389	49,389	19,264	29,803	322	-	-
<b>Balance at 1 January 2017</b>	22,618	22,618	19,264	3,032	322	-	-
Profit for the period	246	246	-	246	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	246	246	-	246	-	-	-
<b>Balance at 30 June 2017</b>	22,864	22,864	19,264	3,278	322	-	-



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued and paid-up share capital from 1 January 2018 to 30 June 2018.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares (excluding treasury shares) as at 30 June 2018 and 31 December 2017 was 108,480,000.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings.

**2. Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Singapore listed companies are required to apply a new financial reporting framework - Singapore Financial Reporting Framework (International) (“**SFRS(I)**”) that is identical to the International Financial Reporting Standards with effect from 1 January 2018. The Group has adopted SFRS(I) on 1 January 2018, including Interpretations of SFRS(I). The adoption of these new / revised SFRS(I) and interpretations of SFRS(I) did not result in significant change to the Group’s accounting policies and did not have a material impact on the Group’s results for 1H2018.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

	GROUP	
	1H2018	1H2017
Net profit after tax attributable to owners of the Company (S\$'000)	26,933	248
Weighted average number of ordinary shares ('000)	108,480	108,480
Earnings per share - basic/fully diluted (cents)	24.83	0.23

The Company has no dilutive equity instruments as at 30 June 2018 and 30 June 2017.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	As at 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
Net asset value (S\$'000)	50,316	23,386	49,389	23,415
Number of ordinary shares ('000)	108,480	108,480	108,480	108,480
Net asset value per share (cents)	46.4	21.6	45.5	21.6

8. 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, costs, and earnings 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 decreased by S\$0.9 million or 5.3%, to S\$16.3 million in the six-month financial period ended 30 June 2018 ("1H2018") from S\$17.2 million in the six-month financial period ended 30 June 2017 ("1H2017"), mainly due to decrease in sales from Singapore, Indonesia, Vietnam and Myanmar markets. The decrease was partially offset by higher sales in China market.

Revenue by Business Segment	← GROUP →				Change +ve/(-ve) %
	1H2018 S\$'000	% Contribution	1H2017 S\$'000	% Contribution	
Residential and commercial (air-conditioning)	1,896	11.6%	1,800	10.5%	5.3
Oil, marine and gas (refrigeration and air-conditioning)	429	2.6%	465	2.7%	(7.7)
Commercial and light industrial (refrigeration)	13,973	85.8%	14,950	86.8%	(6.5)
	<u>16,298</u>	<u>100%</u>	<u>17,215</u>	<u>100%</u>	

Revenue from the commercial and light industrial (refrigeration) segment decreased by S\$1.0 million in 1H2018 as compared to 1H2017. Revenue from the residential and commercial (air-conditioning) segment increased by S\$0.1 million in 1H2018 as compared to 1H2017.

### Gross profit and gross profit margin

The Group's gross profit decreased by S\$1.3 million or 24.7% to S\$4.0 million in 1H2018 from S\$5.3 million in 1H2017, while gross profit margin decreased by 6.3ppt, to 24.6% in 1H2018 from 30.9% in 1H2017. The lower margin was mainly due to lower write-back of stocks provision in 1H2018.

### **Other income**

Other operating income increased by S\$30.0 million, to S\$30.9 million in 1H2018 from S\$0.9 million in 1H2017. The increase was mainly due to (i) gain on disposal of fixed assets of S\$22.8 million in relation to the building situated at 112 Lavender Street; (ii) gain on disposal of fixed assets held for sale of S\$6.6 million in relation to the properties situated at 5 Third Lok Yang Road and Lot No. 42182, GM 5748, Locality of 13<sup>th</sup> Mile Sungai Besi Road, Pekan Kajang, District of Hulu Langat, State of Selangor Darul Ehsan, Malaysia; and (iii) increase in rental and management service income of S\$1.1 million. The increase was partially offset by the decrease in dividend income from unquoted investment of S\$0.5 million.

### **Distribution and selling expenses**

There were no major fluctuations in distribution and selling expenses in 1H2018 and 1H2017.

### **Administrative expenses**

Administrative expenses increased by S\$1.6 million to S\$4.7 million in 1H2018 from S\$3.1 million in 1H2017. This was mainly due to an increase in (i) depreciation charges of S\$0.3 million; (ii) professional fees of S\$0.5 million; (iii) rental expenses of S\$0.4 million; (iv) payroll cost of S\$0.1 million; (v) property tax of S\$0.1 million; (vi) director remuneration of S\$0.1 million; and (vii) IT related expenses of S\$0.1 million.

### **Other operating expenses**

Other operating expenses decreased by S\$0.3 million mainly because there was no foreign exchange loss incurred in 1H2018.

### **Finance expenses**

Finance expenses increased by S\$0.4 million to S\$0.6 million in 1H2018 from S\$0.2 million in 1H2017. This was mainly due to an increase in long term loan interest of S\$0.3 million from property loan and increase in short term loan interest of S\$0.1 million.

### **Tax expense**

Tax expense increased by S\$0.1 million to S\$0.2 million in 1H2018 from S\$0.1 million in 1H2017. This was mainly due to property gains tax on disposal of subsidiary's asset held for sale in Malaysia.

## **Review of Financial Position**

### **Non-current assets**

Non-current assets decreased by S\$3.3 million to S\$36.4 million as at 30 June 2018 from S\$39.7 million as at 31 December 2017.

The decrease was mainly due to (i) disposal of fixed assets with carrying amount of S\$4.2 million; and (ii) depreciation charge of S\$1.0 million. The decrease was partially offset by (i) acquisition of fixed assets of S\$1.6 million; and (ii) investment in unquoted investment of S\$0.3 million.

### **Current assets**

Current assets increased by S\$20.6 million to S\$48.6 million as at 30 June 2018 from S\$28.0 million as at 31 December 2017.

The increase was mainly due to (i) increase in cash and bank balances of S\$22.2 million; (ii) increase in inventories of S\$2.4 million; and (iii) increase in advance payments to suppliers of S\$0.8 million. The increase was partially offset by (i) decrease in other receivables of S\$1.8 million; (ii) decrease in trade receivables of S\$1.8 million; and (iii) decrease in fixed assets held for sale of S\$1.2 million.

### **Current liabilities**

Current liabilities decreased by S\$9.1 million to S\$16.1 million as at 30 June 2018 from S\$25.2 million as at 31 December 2017.

The decrease was mainly due to (i) decrease in borrowings of S\$11.2 million; and (ii) decrease in trade payables of S\$0.3 million. The decrease was partially offset by (i) increase in trust receipts and bills payable of S\$1.3 million; (ii) increase in advance payment from customers of S\$0.4 million; and (iii) increase in other creditors of S\$0.6 million.

### **Non-current liabilities**

Non-current liabilities decreased by S\$0.5 million to S\$16.6 million as at 30 June 2018 from S\$17.1 million as at 31 December 2017.

The decrease was mainly due to ongoing repayments of non-current borrowings of S\$0.5 million.

### **Equity**

Total equity increased by S\$26.9 million to S\$52.3 million as at 30 June 2018 from S\$25.4 million as at 31 December 2017.

This was mainly due to (i) increase in profit for the period of S\$26.9 million; and (ii) increase in translation reserve of S\$0.2 million. The increase was partially offset by dividend paid of S\$0.2 million.

### **Review of Cash Flow Statement**

The Group used S\$0.9 million net cash in operating activities before changes in working capital in 1H2018, while net cash flows used in operating activities amounted to S\$0.4 million. This was mainly due to cash outflows arising from (i) payment of bank interest of S\$0.6 million; and (ii) net income tax paid of S\$0.2 million. These were partially offset by positive working capital changes of S\$1.2 million. The working capital changes consist of net cash inflows arising mainly from changes in (i) trade receivables of S\$1.8 million; (ii) other receivables of S\$1.4 million; (iii) other creditors of S\$0.6 million; and (iv) advance payments from customers of S\$0.4 million. These were partially offset by cash outflows arising from changes in (i) inventories of S\$2.2 million; (ii) deposits, prepayments and advance payments to suppliers of S\$0.7 million; and (iii) trade payables of S\$0.3 million.

Net cash generated from investing activities amounting to S\$33.2 million in 1H2018 was mainly due to disposal of fixed assets and fixed assets held for sale of S\$27.0 million and S\$7.8 million respectively. This was partially offset by purchases of fixed assets of S\$1.6 million.

Net cash used in financing activities amounted to S\$10.6 million in 1H2018. This was mainly due to (i) repayments of term loans of S\$15.6 million; and (ii) dividend paid of S\$0.2 million. These were partially

offset by (i) proceeds from term loans of S\$3.9 million; and (ii) proceeds from trust receipts and bills payable of S\$1.3 million.

**9. 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.

**10. A commentary at the date of the announcement of the significant trends and 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.**

In 1H2018, with the R&D efforts paying off, the Group successfully rolled out another two new ranges of our G5-series of “Eden” heat exchangers which includes the use of natural gas to minimise the carbon footprint. The Group also launched our compact-designed outdoor packaged units which would offer convenience in installation and reduction in operating and maintenance costs.

In the same period, the Group sold two properties in Singapore and one property in Malaysia thus unlocking value for shareholders. The proceeds from the sale of these properties have provided the Group with a war chest to enhance and streamline its existing business and also to explore opportunities for mergers and acquisitions to strengthen the Group. In addition, the Board also wish to reward the Company’s shareholders who have held onto the Company’s shares since its public offering by declaring a one-off interim dividend of S\$0.03 per share, which translates into a yield of 16.7% based on the closing share price of S\$0.18 per share on 13 August 2018.

The Directors are of the view that the developments of the Group’s product offering will lead the Group to a new level of technological competitiveness into the future. In view of its product development and unlocking of value through the sale of properties and barring any unforeseen circumstances, the Group is cautiously optimistic that it is moving in the right direction to enhance its Group strategies.

**11. Dividend**

**(a) Current Financial Period Reported on 30 June 2018**

**Any dividend declared for the current financial period that is reporting?**

Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	3.0 cents per ordinary share
Tax rate	Tax exempt (one-tier)

**(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**

The dividend payment will be made on 12 September 2018.

**(d) Books Closure Date**

Books closure date will be on 3 September 2018.

**12. If no dividend has been declared/recommended, a statement to the effect**

Not applicable.

**13. 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.

**14. Issuer to confirm that it 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.**

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.

**CONFIRMATION PURSUANT TO RULE 705(5) OF THE CATALIST RULES**

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 2018 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD  
Far East Group Limited**

Loh Mun Yew  
CEO and Executive Director

Leng Chee Keong  
COO (Sales & Marketing) and Executive Director

14 August 2018