



**FAR EAST GROUP LIMITED**  
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## **UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE (“1H”) 2012**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), Canaccord Genuity Singapore Pte Ltd (formerly known as Collins Stewart Pte. Limited), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Canaccord Genuity Singapore Pte Ltd has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the 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 Mr Mark Zhou, Senior Manager, Corporate Finance, Canaccord Genuity Singapore Pte Ltd, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*

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

1(a)(i) Combined 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		
	1H2012 Unaudited S\$'000	1H2011 Unaudited S\$'000	Change +ve/(-ve) %
<b>Revenue</b>	13,810	14,935	(7.5)
<b>Cost of sales</b>	(9,947)	(9,818)	(1.3)
<b>Gross profit</b>	3,863	5,117	(24.5)
<b>Other operating income</b>	456	520	(12.3)
<b>Distribution and selling expenses</b>	(1,418)	(1,380)	(2.8)
<b>Administrative expenses</b>	(2,366)	(2,299)	(2.9)
<b>Other operating expenses</b>	(2)	(1,207)	99.8
	(3,786)	(4,886)	22.5
<b>Profit from operations</b>	533	751	(29.0)
<b>Finance expenses</b>	(65)	(88)	26.1
<b>Interest income</b>	5	7	(28.6)
<b>Profit before tax</b>	473	670	(29.4)
<b>Income tax</b>	(124)	(336)	63.1
<b>Profit for the year</b>	349	334	4.5
<b>Other comprehensive income</b>			
<b>Foreign currency translation on foreign operations</b>	(165)	(222)	(25.7)
<b>Total comprehensive income</b>	184	112	64.3
<b>Profit for the year attributable to :-</b>			
Equity holders of the company	365	350	4.3
Non-controlling interests	(16)	(16)	-
	349	334	4.5
<b>Total comprehensive income attributable to :-</b>			
Equity holders of the company	200	128	56.3
Non-controlling interests	(16)	(16)	-
	184	112	64.3

**Note:-**

(1) Including non-recurring listing expenses of approximately S\$1.1 million incurred in 1H2011

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

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

	1H2012 Unaudited S\$'000	GROUP 1H2011 Unaudited S\$'000	Change +ve/(-ve) %
Interest income	(5)	(7)	(28.6)
Interest expenses	64	88	27.3
Write down/(back) of impairment of inventories	787	(189)	n.m.
Fixed assets written off	-	20	n.m.
Allowance for doubtful trade debts	22	21	(4.8)
Allowance for doubtful trade debts written back	(1)	(75)	(98.7)
Allowance for doubtful trade debts from an affiliated company written back	(22)	-	n.m.
Loss on disposal of fixed assets, net	-	3	n.m.
Depreciation of fixed assets	184	202	8.9
Foreign exchange (Gain)/Loss	(104)	64	n.m.
Dividend income from unquoted investment	(90)	(345)	(73.9)

n.m. : not meaningful

1(b) (i) A balance sheet (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	
	30 Jun 2012 Unaudited S\$'000	31 Dec 2011 Audited S\$'000	30 Jun 2012 Unaudited S\$'000	31 Dec 2011 Audited S\$'000
<b>Non-current assets</b>				
Fixed assets	7,013	7,211	6,438	6,563
Investments in subsidiary companies	-	-	3,339	3,339
Unquoted investments	89	89	-	-
Other receivables	-	1	-	-
Deferred tax assets	159	163	-	-
<b>Total non-current assets</b>	<b>7,261</b>	<b>7,464</b>	<b>9,777</b>	<b>9,902</b>
<b>Current assets</b>				
Inventories	10,053	11,070	6,160	7,419
Trade debtors	6,920	8,257	4,907	5,633
Other receivables	378	467	21	45
Deposits	73	89	14	28
Prepayments	881	470	678	416
Due from subsidiary companies (trade)	-	-	1,209	1,354
Due from subsidiary companies (non-trade)	-	-	932	984
Due from affiliated companies (trade)	130	227	128	227
Due from affiliated companies (non-trade)	64	64	64	64
Tax recoverable	751	169	261	156
Fixed deposits	433	667	6	6
Cash and bank balances	2,675	2,338	455	649
<b>Total current assets</b>	<b>22,358</b>	<b>23,818</b>	<b>14,835</b>	<b>16,981</b>
<b>Current liabilities</b>				
Trade payables	1,334	1,841	955	1,535
Gross amount due to customers for contract-work-in-progress	19	-	16	-
Trust receipts and bills payable (secured)	4,529	3,598	3,959	2,836
Other creditors	257	301	206	251
Accruals and other liabilities	976	1,502	677	1,102
Provision for warranty	354	354	354	354
Dividend payable	97	1,177	97	1,177
Due to subsidiary companies (trade)	-	-	527	771
Due to subsidiary companies (non-trade)	-	-	477	473
Due to affiliated company (trade)	362	759	258	697
Due to affiliated company (non-trade)	113	113	1	-
Provision for income tax	950	505	418	418
Finance lease obligations (current)	19	18	18	19
Term loans (current)	1,131	123	1,131	123
Loans from shareholders and directors (current)	-	480	-	480
Derivative financial instruments	-	7	-	-
Bank overdrafts (secured)	260	156	134	2
<b>Total current liabilities</b>	<b>10,401</b>	<b>10,934</b>	<b>9,228</b>	<b>10,238</b>
<b>Net current assets</b>	<b>11,957</b>	<b>12,884</b>	<b>5,607</b>	<b>6,743</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	71	74	2	2
Finance lease obligations (non-current)	30	40	30	40
Term loans (non-current)	95	157	95	157
Loans from shareholders and directors (non-current)	-	479	-	479
<b>Total non-current liabilities</b>	<b>196</b>	<b>750</b>	<b>127</b>	<b>678</b>
<b>Total net assets</b>	<b>19,022</b>	<b>19,598</b>	<b>15,257</b>	<b>15,967</b>
<b>Share capital and reserves</b>				
Share capital	13,956	13,956	13,956	13,956
Accumulated profits	5,924	6,319	979	1,689
Capital reserve	322	322	322	322
Translation reserve	(1,348)	(1,183)	-	-
	18,854	19,414	15,257	15,967
<b>Non-controlling interests</b>	168	184	-	-
<b>Total equity</b>	<b>19,022</b>	<b>19,598</b>	<b>15,257</b>	<b>15,967</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 2012</b>		<b>As at 31 December 2011</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	5,939	0	3,895	480
Repayable after one year	125	0	197	479
<b>Total borrowings</b>	<b>6,064</b>	<b>0</b>	<b>4,092</b>	<b>959</b>

**Details of any collateral**

The above borrowings are secured by legal mortgage over the freehold and leasehold land and buildings of the company and its subsidiary.

**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**

	<b>Group</b>	
	<b>1H2012</b>	<b>1H2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	473	670
Adjustments:		
Allowance for doubtful trade debts	22	21
Allowance for doubtful trade debts written back	(1)	(75)
Allowance for doubtful debts from an affiliated company written back	(22)	-
Inventories written down/(back), net	787	(189)
Fixed asset written off	-	20
Loss on disposal of fixed assets, net	-	3
Depreciation of fixed assets	184	202
Interest expense	64	88
Interest income	(5)	(7)
Translation difference	(111)	(156)
Operating profit before working capital changes	1,391	577
<i>(Increase)/decrease in:</i>		
Inventories	229	(2,082)
Gross amount due to customers for contract work-in-progress	19	373
Other receivables	91	(296)
Deposits and prepayments	(395)	(5)
Trade debtors	1,316	(80)
Due from affiliated company, net	-	134
<i>Increase/(decrease) in:</i>		
Trade payables	(507)	1,195
Trust receipts and bills payable	931	1,777
Other creditors	(45)	(283)
Accruals and other liabilities	(533)	(601)
Due to affiliated company, net	(277)	-
Cash generated from operations	2,220	709
Interest paid	(64)	(88)
Income taxes paid	(418)	(519)
Income taxes refunded	156	-
Interest income	5	7
<b>Net cash generated from operating activities</b>	1,899	109
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(34)	(92)
<b>Net cash used in investing activities</b>	(34)	(92)

	<b>Group</b>	
	<b>1H2012</b>	<b>1H2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,840)	(1,491)
Repayment of loans from shareholders and directors	(959)	(371)
Repayment of finance lease obligations	(9)	(9)
Repayment of term loans	(54)	(261)
Proceeds from term loans	1,000	-
Proceeds from issuance of shares	-	1,187
Net cash used in financing activities	<u>(1,862)</u>	<u>(945)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3</b>	<b>(928)</b>
Cash and cash equivalents at beginning of period	2,499	3,693
<b>Cash and cash equivalents at end of period</b>	<u><u>2,502</u></u>	<u><u>2,765</u></u>
<b>Cash and cash equivalents consist of the following :</b>		
Cash and bank balances	2,675	2,750
Fixed deposits	433	36
	<u>3,108</u>	<u>2,786</u>
Bank overdraft	(260)	(21)
	<u>2,848</u>	<u>2,765</u>
Fixed deposits pledged to bank	(346)	-
	<u><u>2,502</u></u>	<u><u>2,765</u></u>

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 parent, total	Share capital	Accumulated profits	Capital reserve	Translation reserve	
<b>GROUP</b>							
<b>Balance at 1 January 2012</b>	19,598	19,414	13,956	6,319	322	(1,183)	184
Profit for the year	349	365	-	365	-	-	(16)
Other comprehensive income	(165)	(165)	-	-	-	(165)	-
Total comprehensive income	184	200	-	365	-	(165)	(16)
Dividend paid	(760)	(760)	-	(760)	-	-	-
<b>Balance at 30 June 2012</b>	<b>19,022</b>	<b>18,854</b>	<b>13,956</b>	<b>5,924</b>	<b>322</b>	<b>(1,348)</b>	<b>168</b>
<b>Balance at 1 January 2011</b>	13,374	13,218	8,135	5,812	322	(1,051)	156
Profit for the year	334	350	-	350	-	-	(16)
Other comprehensive income	(222)	(222)	-	-	-	(222)	-
Total comprehensive income	112	128	-	350	-	(222)	(16)
Issuance of shares	1,187	1,187	1,187	-	-	-	-
Dividend paid	(2,000)	(2,000)	-	(2,000)	-	-	-
<b>Balance at 30 June 2011</b>	<b>12,673</b>	<b>12,533</b>	<b>9,322</b>	<b>4,162</b>	<b>322</b>	<b>(1,273)</b>	<b>140</b>
<b>COMPANY</b>							
<b>Balance at 1 January 2012</b>	15,967	15,967	13,956	1,689	322	-	-
Profit for the year	50	50	-	50	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	50	50	-	50	-	-	-
Dividend paid	(760)	(760)	-	(760)	-	-	-
<b>Balance at 30 June 2012</b>	<b>15,257</b>	<b>15,257</b>	<b>13,956</b>	<b>979</b>	<b>322</b>	<b>-</b>	<b>-</b>
<b>Balance at 1 January 2011</b>	9,938	9,938	8,135	1,481	322	-	-
Profit for the year	952	952	-	952	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	952	952	-	952	-	-	-
Issuance of shares	1,187	1,187	1,187	-	-	-	-
Dividend paid	(2,000)	(2,000)	-	(2,000)	-	-	-
<b>Balance at 30 June 2011</b>	<b>10,077</b>	<b>10,077</b>	<b>9,322</b>	<b>433</b>	<b>322</b>	<b>-</b>	<b>-</b>



**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 or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and 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 2012 to 30 June 2012.

**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 immediately preceding year.**

The total number of issued share capital (excluding treasury shares) as at 30 June 2012 was 72,320,000 (As at 31 December 2011: 72,320,000).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the period ended 30 June 2012.

**2. Whether the figures have been audited, or review and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or equivalent standard)**

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

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

Not applicable.

**4. Whether the same accounting policies and methods of computations as in the issuer's most recent audited annual financial statements have been applied**

Except as disclosed in paragraph 5, the unaudited financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2011.

**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**

The Group has adopted the applicable new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 January 2012. The adoption of these new and revised FRS and INT FRS is not expected to result in material adjustments to the financial position, results of operations or cash flows of the Group for the financial period ended 30 June 2012.

**6. Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	G R O U P	
	1H2012	1H2011
Net profit after tax attributable to equity holders of the Company (S\$'000)	365	350
Weighted average number of ordinary shares ('000)	72,320	51,858
Earning per share - basic/fully diluted (cents)	0.50	0.67

For comparative purposes, earnings per share for the 1H2011 have been computed on net profit after tax attributable to equity holders of the company divided by the number of ordinary shares adjusted for the sub-division for every one ordinary share into 600 ordinary shares.

The company has no dilutive equity instruments as at 30 June 2012.

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

	G R O U P		C O M P A N Y	
	As at 30 Jun 2012	As at 31 Dec 2011	As at 30 Jun 2012	As at 31 Dec 2011
Net asset value (S\$'000)	18,854	19,414	15,257	15,967
Number of ordinary shares (S\$'000)	72,320	72,320	72,320	72,320
Net asset value per share (cents)	26.1	26.8	21.1	22.1

**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, 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 performance (1H2012 vs 1H2011)**

##### **Revenue**

Revenue decreased by approximately S\$1.1 million or 7.5%, from approximately S\$14.9 million in 1H2011 to approximately S\$13.8 million in 1H2012. This was mainly due to a decrease in revenue of approximately S\$0.8 million from the commercial and light industrial (refrigeration) segment and approximately S\$0.6 million from the residential and commercial (air-conditioning) segment, partly offset by an increase in revenue of approximately S\$222,000 from the oil, marine and gas (refrigeration and air-conditioning) segment.

Revenue from the residential and commercial (air-conditioning) segment decreased mainly due to the reduction in purchases from customers based in China.

Revenue from the commercial and light industrial (refrigeration) segment decreased mainly due to the delay of certain new projects in Malaysia.

Revenue from the oil, marine and gas (refrigeration and air-conditioning) segment increase mainly due to completion of projects held back last year.

##### **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately S\$1.2 million or 24.5%, from S\$5.1 million in 1H2011 to S\$3.9 million in 1H2012, generally in line with the decrease in revenue and gross profit margin.

Overall gross profit margin decreased by 6.3% points, from 34.3% in 1H2011 to 28.0% in 1H2012, mainly due to additional inventory provision of approximately S\$0.8 million (1H2011: Write back of approximately S\$0.2 million) in respect of slow moving inventories. Excluding the aforementioned inventory provision, the gross profit margin for 1H2012 would have been 33.7% (1H2011: 33.0%).

Gross profit from the commercial and light industrial (refrigeration) segment decreased by S\$0.9 million, from approximately S\$3.5 million in 1H2011 to approximately S\$2.6 million in 1H2012. This segment continues to be the Group's main gross profit driver, contributing 67.3% of the Group's gross profit in 1H2012 (1H2011: 68.1%).

Gross profit from the residential and commercial (air-conditioning) segment decreased by approximately S\$0.4 million or 33.0%, from approximately S\$1.2 million in 1H2011 to approximately S\$0.8 million in 1H2012. This segment contributed 20.7% of the Group's gross profit in 1H2012 (1H2011: 23.3%).

Gross profit from the oil, marine and gas (refrigeration and air-conditioning) segment increased by approximately S\$27,000, from approximately S\$0.44 million in 1H2011 to approximately S\$0.47 million in 1H2012. This segment contributed 12.0% of the Group's gross profit in 1H2012 (1H2011: 8.6%).

### **Other operating income**

Other operating income decreased by approximately S\$64,000 or 12.3%, from approximately S\$520,000 in 1H2011 to approximately S\$456,000 in 1H2012. This was mainly due to lower dividend income from an unquoted investment of S\$255,000 and the absence of a one-off insurance claim of approximately S\$55,000 in 1H2011, partly offset by increases in (i) rental income of approximately S\$61,000; (ii) management fee income of approximately S\$48,000; (iii) sundry income of approximately S\$33,000; and (iv) foreign exchange gain of approximately S\$104,000.

### **Distribution and selling expenses**

Distribution and selling expenses remained relatively stable at approximately S\$1.4 million in both 1H2011 and 1H2012.

### **Administrative expenses**

Administrative expenses increased by approximately S\$67,000 or 2.9%, from approximately S\$2.3 million in 1H2011 to approximately S\$2.4 million in 1H2012. This was mainly due to higher ongoing listing compliance expenses.

### **Other operating expenses**

Other operating expenses decreased by approximately S\$1.2 million due mainly to the absence of one-off listing expenses of approximately S\$1.1 million incurred in 1H2011.

### **Finance expenses**

Finance expenses decreased by approximately S\$23,000, from approximately S\$88,000 in 1H2011 to approximately S\$65,000 in 1H2012, due to lower term loan borrowings and a decrease in interest rates.

## **Review of Financial Position (30 June 2012 vs 31 December 2011)**

### **Non-current assets**

Non-current assets decreased by approximately S\$0.2 million or 2.7%, from approximately S\$7.5 million as at 31 December 2011 to approximately S\$7.3 million as at 30 June 2012. This was mainly due to depreciation of fixed assets partially offset by the acquisition of fixed assets in 1H2012.

### **Current assets**

Current assets decreased by approximately S\$1.5 million or 6.1%, from approximately S\$23.8 million as at 31 December 2011 to approximately S\$22.3 million as at 30 June 2012.

The decrease was mainly due to decreases in (i) inventory of approximately S\$1.0 million; and (ii) trade debtors of approximately S\$1.3 million. These decreases were partially offset by increase in (i) tax recoverable of S\$0.6 million; and (ii) prepayments of approximately S\$0.4 million.

### **Current liabilities**

Current liabilities decreased by approximately S\$0.5 million or 4.9%, from approximately S\$10.9 million as at 31 December 2011 to approximately S\$10.4 million as at 30 June 2012.

The decrease was due mainly to decreases in (i) dividend payable of approximately S\$1.1 million; and (ii) loans from shareholder of approximately S\$0.5 million. These decreases were partly offset by increases in (i) trust receipts and bills payables of approximately S\$0.9 million; and (ii) term loans of approximately S\$1.0 million.

### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$0.6 million, from approximately S\$0.8 million as at 31 December 2011 to approximately S\$0.2 million as at 30 June 2012, mainly due to the repayment of loans from shareholder of approximately S\$0.5 million.

### **Equity**

Share capital and reserves decreased by approximately S\$0.5 million or 2.9%, from approximately S\$19.4 million as at 31 December 2011 to approximately S\$18.9 million as at 30 June 2012, mainly due to a final dividend in respect of FY2011 of approximately S\$0.8 million which was declared and paid in 1H2012.

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

Net cash generated from operating activities before changes in working capital was approximately S\$1.4 million. Net cash generated from working capital amounted to approximately S\$0.8 million. This was mainly due to cash inflows arising from (i) decrease in trade debtors of approximately S\$1.3 million; (ii) increase in trust receipts and bills payable of approximately S\$0.9 million partially offset by cash outflows arising from (i) decrease in trade payables of S\$0.5 million; (ii) decrease in accruals and other liabilities of approximately S\$0.5 million; and (iii) increase in deposits and prepayments of approximately S\$0.4 million. We paid bank interest of approximately S\$64,000 and income tax of approximately S\$0.4 million.

Net cash used in investing activities of approximately S\$34,000 was mainly due to the purchase of plant and equipment.

Net cash used in financing activities of approximately S\$1.9 million was mainly due to dividends paid of S\$1.8 million and repayments of loans from shareholder of S\$1.0 million which was partly offset by proceeds from term loan of approximately S\$1.0 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 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**

With deepening recession in European zone and flagging United States economic recovery coupled with slower growth in Asia, the economic outlook for the next six months is not optimistic. The China government is stimulating domestic demand and we expect its economy to pick up steam. However we do not expect the positive impact to be felt within this financial year.

The Group will continue to focus on expanding its regional markets with growth potential. Increased revenue from these markets will likely cushion the falls in revenue in matured markets. The Group remains committed to contain costs and improve on customer care and services.

## 11. Dividend

### (a) Current Financial Period Reported on 30 June 2012

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?

The following dividend was declared to the shareholders of the Company as reflected on the register of shareholders as at 15 February 2011.

Name of Dividend	Interim dividend for FY2011
Dividend type	Ordinary
Dividend rate	S\$24.73 per ordinary share
Tax rate	Tax exempt (one-tier)

### (c) Date Payable

The interim dividend for financial year ended 31 December 2011 was paid in FY2011 and FY2012.

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

The directors did not declare any dividend for the period from 1 January 2012 to 30 June 2012.

## 13. Use of Proceeds

	Allocation of Net Proceeds (S\$'000)	Amount Utilised (S\$'000)
Expansion of our sales and distribution network	600	71
Expansion and upgrade of existing manufacturing facilities	400	Nil
Research and development of new products	300	Nil
General working capital	2,200	2,200
<b>Total</b>	<b>3,500</b>	<b>2,271</b>

As at the date of this announcement, the Group has utilised S\$2.2 million of the net IPO proceeds of S\$3.5 million for general working capital, and approximately S\$71,000 for regional expansion.

#### 14. Interested Person Transaction ("IPT")

The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding less than \$100,000)	
	1H2012 (S\$'000)	1H2011 (S\$'000)	1H2012 (S\$'000)	1H2011 (S\$'000)
Shanghai Eden Refrigeration Co., Ltd	Nil	Nil	Nil	218

#### CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL

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 half year financial results for the period ended 30 June 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

**Steven Loh Mun Yew**  
CEO and Executive Director

**David Leng Chee Keong**  
COO and Executive Director

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

**Steven Loh Mun Yew**  
CEO and Executive Director  
8 August 2012