



**FAR EAST GROUP LIMITED**

(formerly known as Far East Refrigeration (Pte.) Limited)

远东集团有限公司

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Company Reg No. 196400096C

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2011**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Collins Stewart Pte. Limited 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. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS ENDED 31 DECEMBER 2011 (“FY2011”)**

**1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of immediately preceding year**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | Group                            |                                | Change<br>+ve/(-ve)<br>% |
|--|----------------------------------|--------------------------------|--------------------------|
|  | Unaudited<br>FY2011<br>(S\$'000) | Audited<br>FY2010<br>(S\$'000) |                          |
| Revenue  | 33,753                           | 32,616                         | 3.5                      |
| Cost of sales  | (23,137)                         | (21,897)                       | (5.7)                    |
| <b>Gross profit</b>                                  | <b>10,616</b>                    | <b>10,719</b>                  | <b>(1.0)</b>             |
| Other operating income                               | 815                              | 1,452                          | (43.9)                   |
| Distribution and selling expenses                    | (2,666)                          | (2,654)                        | (0.5)                    |
| Administrative expenses                              | (4,353)                          | (3,556)                        | (22.4)                   |
| Other operating expenses                             | (922) <sup>(1)</sup>             | (225)                          | (309.8)                  |
|  | (7,941)                          | (6,435)                        | (23.4)                   |
| <b>Profit from operations</b>                        | <b>3,490</b>                     | <b>5,736</b>                   | <b>(39.2)</b>            |
| Finance expenses                                     | (242)                            | (302)                          | 19.9                     |
| Interest income                                      | 12                               | 15                             | (20.0)                   |
| <b>Profit before tax</b>                             | <b>3,260</b>                     | <b>5,449</b>                   | <b>(40.2)</b>            |
| Income tax   | (725)                            | (897)                          | 19.2                     |
| <b>Profit for the year</b>                           | <b>2,535</b>                     | <b>4,552</b>                   | <b>(44.3)</b>            |
| <b>Other comprehensive income</b>                    |                                  |                                |                          |
| Foreign currency translation on foreign operations   | (132)                            | 125                            | N.M <sup>(2)</sup>       |
| <b>Total comprehensive income</b>                    | <b>2,403</b>                     | <b>4,677</b>                   | <b>(48.6)</b>            |
| <b>Profit for the year attributable to :-</b>        |                                  |                                |                          |
| Equity holders of the company                        | 2,507                            | 4,506                          | (44.4)                   |
| Non-controlling interest                             | 28                               | 46                             | (39.1)                   |
|  | <b>2,535</b>                     | <b>4,552</b>                   | <b>(44.3)</b>            |
| <b>Total comprehensive income attributable to :-</b> |                                  |                                |                          |
| Equity holders of the company                        | 2,375                            | 4,631                          | (48.7)                   |
| Non-controlling interest                             | 28                               | 46                             | (39.1)                   |
|  | <b>2,403</b>                     | <b>4,677</b>                   | <b>(48.6)</b>            |

**Notes:-**

(1) Included non-recurring listing expense of approximately S\$0.9 million incurred in FY 2011

(2) N.M = Not meaningful

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

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

|   | <b>Group</b>                              |   |                     |
|---|---|---|---------------------|
|   | <b>Unaudited<br/>FY2011<br/>(S\$'000)</b> | <b>Audited<br/>FY2010<br/>(S\$'000)</b> | <b>Change<br/>%</b> |
| Dividend income from unquoted investment                    | (353)                                     | -                                       | N.M                 |
| Interest income   | (12)                                      | (15)                                    | (20.0)              |
| Interest expenses   | 242                                       | 302                                     | 19.9                |
| Write back of impairment of inventories                     | (315)                                     | (1,154)                                 | (72.7)              |
| Inventory written off                                       | 28  | 24                                      | (16.7)              |
| Allowance for doubtful trade debts                          | 16  | 33                                      | 51.5                |
| Allowance for doubtful trade debts written back             | (75)                                      | (67)                                    | 11.9                |
| Allowance for doubtful sundry debts written back            | -   | (9)                                     | N.M                 |
| Allowance for doubtful debts due from an affiliated company | -   | (50)                                    | N.M                 |
| Sundry debts written off                                    | 21  | 12                                      | (75.0)              |
| Fixed assets written off                                    | 24  | 1                                       | N.M                 |
| Depreciation expenses                                       | 398                                       | 433                                     | 8.1                 |
| (Gain)/Loss on disposal of fixed assets, net                | 15  | (8)                                     | N.M                 |
| (Gain)/Loss on disposal of investment property, net         | -   | (1,062)                                 | N.M                 |
| Foreign exchange loss/(gain), net                           | (47)                                      | 204                                     | N.M                 |

**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<br>31 Dec 2011<br>(S\$'000) | Audited<br>31 Dec 2010<br>(S\$'000) | Unaudited<br>31 Dec 2011<br>(S\$'000) | Audited<br>31 Dec 2010<br>(S\$'000) |
| <b>Non-current assets</b>                                   |                                       |                                     |                                       |                                     |
| Fixed assets  | 7,211                                 | 7,518                               | 6,563                                 | 6,786                               |
| Investments in subsidiary companies                         | -                                     | -                                   | 3,339                                 | 3,339                               |
| Unquoted investments  | 89                                    | 89                                  | -                                     | -                                   |
| Other receivables   | 1                                     | 18                                  | -                                     | -                                   |
| Deferred tax assets   | 163                                   | 174                                 | -                                     | -                                   |
| <b>Total non-current assets</b>                             | <b>7,464</b>                          | <b>7,799</b>                        | <b>9,902</b>                          | <b>10,125</b>                       |
| <b>Current assets</b>                                       |                                       |                                     |                                       |                                     |
| Inventories   | 11,070                                | 8,200                               | 7,419                                 | 5,223                               |
| Trade debtors   | 8,257                                 | 6,646                               | 5,633                                 | 4,038                               |
| Other receivables   | 467                                   | 137                                 | 45                                    | 68                                  |
| Deposits  | 89                                    | 101                                 | 28                                    | 14                                  |
| Prepayments   | 470                                   | 1,253                               | 416                                   | 1,229                               |
| Due from subsidiary companies (trade)                       | -                                     | -                                   | 1,354                                 | 1,872                               |
| Due from subsidiary companies (non-trade)                   | -                                     | -                                   | 984                                   | 340                                 |
| Due from affiliated companies (trade)                       | 227                                   | 218                                 | 227                                   | 199                                 |
| Due from affiliated companies (non-trade)                   | 64                                    | -                                   | 64                                    | -                                   |
| Tax recoverable   | 169                                   | 6                                   | 156                                   | 2                                   |
| Fixed deposits  | 667                                   | 1,400                               | 6                                     | 6                                   |
| Cash and bank balances                                      | 2,338                                 | 2,350                               | 649                                   | 611                                 |
| <b>Total current assets</b>                                 | <b>23,818</b>                         | <b>20,311</b>                       | <b>16,981</b>                         | <b>13,602</b>                       |
| <b>Current liabilities</b>                                  |                                       |                                     |                                       |                                     |
| Trade payables  | 1,841                                 | 1,495                               | 1,535                                 | 1,152                               |
| Gross amount due to customers for contract-work-in-progress | -                                     | 593                                 | -                                     | 593                                 |
| Trust receipts and bills payable (secured)                  | 3,598                                 | 3,423                               | 2,836                                 | 2,601                               |
| Other creditors   | 301                                   | 768                                 | 251                                   | 722                                 |
| Accruals and other liabilities                              | 1,502                                 | 1,749                               | 1,102                                 | 1,287                               |
| Provision for warranty                                      | 354                                   | 50                                  | 354                                   | 50                                  |
| Dividend payable  | 1,177                                 | 1,636                               | 1,177                                 | 1,636                               |
| Due to subsidiary companies (trade)                         | -                                     | -                                   | 771                                   | 562                                 |
| Due to subsidiary companies (non-trade)                     | -                                     | -                                   | 473                                   | 475                                 |
| Due to affiliated company (trade)                           | 759                                   | 255                                 | 697                                   | 243                                 |
| Due to affiliated company (non-trade)                       | 113                                   | 111                                 | -                                     | -                                   |
| Provision for income tax                                    | 505                                   | 597                                 | 418                                   | 510                                 |
| Finance lease obligations (current)                         | 18                                    | 18                                  | 19                                    | 18                                  |
| Term loans (current)  | 123                                   | 448                                 | 123                                   | 448                                 |
| Loans from shareholders and directors (current)             | 480                                   | 550                                 | 480                                   | 550                                 |
| Derivative financial instruments                            | 7                                     | 1                                   | -                                     | -                                   |
| Bank overdrafts (secured)                                   | 156                                   | 57                                  | 2                                     | 35                                  |
| <b>Total current liabilities</b>                            | <b>10,934</b>                         | <b>11,751</b>                       | <b>10,238</b>                         | <b>10,882</b>                       |
| <b>Net current assets</b>                                   | <b>12,884</b>                         | <b>8,560</b>                        | <b>6,743</b>                          | <b>2,720</b>                        |
| <b>Non-current liabilities</b>                              |                                       |                                     |                                       |                                     |
| Deferred tax liabilities                                    | 74                                    | 152                                 | 2                                     | 74                                  |
| Finance lease obligations (non-current)                     | 40                                    | 58                                  | 40                                    | 59                                  |
| Term loans (non-current)                                    | 157                                   | 1,743                               | 157                                   | 1,742                               |
| Loans from shareholders and directors (non-current)         | 479                                   | 1,032                               | 479                                   | 1,032                               |
| <b>Total non-current liabilities</b>                        | <b>750</b>                            | <b>2,985</b>                        | <b>678</b>                            | <b>2,907</b>                        |
| <b>Total net assets</b>                                     | <b>19,598</b>                         | <b>13,374</b>                       | <b>15,967</b>                         | <b>9,938</b>                        |
| <b>Share capital and reserves</b>                           |                                       |                                     |                                       |                                     |
| Share capital   | 13,956                                | 8,135                               | 13,956                                | 8,135                               |
| Accumulated profits   | 6,319                                 | 5,812                               | 1,689                                 | 1,481                               |
| Capital reserve   | 322                                   | 322                                 | 322                                   | 322                                 |
| Translation reserve   | (1,183)                               | (1,051)                             | -                                     | -                                   |
|   | 19,414                                | 13,218                              | 15,967                                | 9,938                               |
| <b>Non-controlling interests</b>                            | 184                                   | 156                                 | -                                     | -                                   |
| <b>Total equity</b>   | <b>19,598</b>                         | <b>13,374</b>                       | <b>15,967</b>                         | <b>9,938</b>                        |

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

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

|   | As at 31 December 2011 |            | As at 31 December 2010 |              |
|---|------------------------|------------|------------------------|--------------|
|   | Secured                | Unsecured  | Secured                | Unsecured    |
|   | (S\$'000)              | (S\$'000)  | (S\$'000)              | (S\$'000)    |
| Repayable in one year or less, or on demand | 3,895                  | 480        | 3,671                  | 825          |
| Repayable after one year                    | 197                    | 479        | 1,801                  | 1,032        |
| <b>Total borrowings</b>                     | <b>4,092</b>           | <b>959</b> | <b>5,472</b>           | <b>1,857</b> |

**Details of any collateral**

The above borrowings were secured by legal mortgages over the Group's freehold and leasehold land and buildings.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | ← GROUP →              |              |
|---|------------------------|--------------|
|   | Year Ended 31 December |              |
|   | 2011                   | 2010         |
|   | S\$'000                | S\$'000      |
| <b>Cash flows from operating activities</b>                           |                        |              |
| Profit before tax   | 3,260                  | 5,449        |
| Adjustments:  |                        |              |
| Allowance for doubtful trade debts                                    | 16                     | 33           |
| Allowance for doubtful trade debts written back                       | (56)                   | (67)         |
| Sundry debts written off  | 21                     | 12           |
| Allowance for doubtful sundry debts written back                      | -                      | (9)          |
| Allowance for doubtful debts due from affiliated company written back | (19)                   | (50)         |
| Inventories written back, net   | (315)                  | (1,154)      |
| Fixed asset written off   | 24                     | 1            |
| Loss/(Gain) on disposal of fixed assets, net                          | 15                     | (8)          |
| Depreciation of fixed assets  | 398                    | 433          |
| Depreciation of investment properties                                 | -                      | 25           |
| Gain on disposal of investment properties, net                        | -                      | (1,062)      |
| Net fair value loss on derivatives                                    | 6                      | -            |
| Interest expense  | 242                    | 302          |
| Interest income   | (12)                   | (15)         |
| Warranty expense  | 341                    | 50           |
| Translation difference  | (88)                   | 47           |
| Operating profit before working capital changes                       | 3,833                  | 3,987        |
| <i>(Increase)/decrease in:</i>  |                        |              |
| Inventories   | (2,555)                | 1,063        |
| Gross amount due to customers for contract work-in-progress           | (593)                  | 593          |
| Other receivables   | (334)                  | (15)         |
| Deposits and prepayments  | 795                    | (700)        |
| Trade debtors   | (1,552)                | (2,400)      |
| Due from affiliated company, net                                      | -                      | 187          |
| Due from holding company, net   | -                      | 22           |
| <i>Increase/(decrease) in:</i>  |                        |              |
| Trade payables  | 346                    | 133          |
| Trust receipts and bills payable                                      | 175                    | (741)        |
| Other creditors   | (467)                  | 499          |
| Accrual and other liabilities   | (284)                  | (180)        |
| Due to affiliated company, net  | 433                    | -            |
| Cash (used in)/generated from operations                              | (203)                  | 2,448        |
| Interest paid   | (242)                  | (302)        |
| Income taxes paid   | (1,060)                | (389)        |
| Income taxes refunded   | 13                     | 26           |
| Interest income   | 12                     | 15           |
| <b>Net cash (used in)/generated from operating activities</b>         | <b>(1,480)</b>         | <b>1,798</b> |

|   | <b>Group</b>    |                 |
|---|-----------------|-----------------|
|   | <b>FY2011</b>   | <b>FY2010</b>   |
|   | <b>(\$'000)</b> | <b>(\$'000)</b> |
| <b>Cash flows from investing activities</b>                   |                 |                 |
| Proceeds from disposal of investment properties               | -               | 1,203           |
| Proceeds from sale of fixed assets                            | 20              | 13              |
| Purchase of fixed assets                                      | (194)           | (344)           |
| <b>Net cash (used in)/generated from investing activities</b> | <u>(174)</u>    | <u>872</u>      |
| <b>Cash flows from financing activities</b>                   |                 |                 |
| Dividends paid  | (2,459)         | (446)           |
| Repayment of loans from shareholders and directors            | (623)           | (434)           |
| Repayment of finance lease obligations                        | (18)            | (17)            |
| Repayment of term loans                                       | (1,911)         | (1,238)         |
| Net proceeds from issuance of shares                          | 5,821           | -               |
| <b>Net cash generated from/(used in) financing activities</b> | <u>810</u>      | <u>(2,135)</u>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | (844)           | 535             |
| Cash and cash equivalents at beginning of year                | 3,693           | 3,158           |
| <b>Cash and cash equivalents at end of year</b>               | <u>2,849</u>    | <u>3,693</u>    |
| <b>Cash and cash equivalents consist of the following :</b>   |                 |                 |
| Cash and bank balances  | 2,338           | 2,350           |
| Fixed deposits  | 667             | 1,400           |
|   | <u>3,005</u>    | <u>3,750</u>    |
| Bank overdraft  | (156)           | (57)            |
|   | <u>2,849</u>    | <u>3,693</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 interest<br>(S\$'000) |
|------------------------------------|---|---|----------------------------|----------------------------------|------------------------------|----------------------------------|---------------------------------------|
|                                    | Equity, Total<br>(S\$'000)                  | Equity attributable to owners of the parent, total<br>(S\$'000) | Share capital<br>(S\$'000) | Accumulated profits<br>(S\$'000) | Capital reserve<br>(S\$'000) | Translation reserve<br>(S\$'000) |                                       |
|                                    |   |   |                            |                                  |                              |                                  |                                       |
| <b>GROUP</b>                       |   |   |                            |                                  |                              |                                  |                                       |
| <b>Balance at 1 January 2011</b>   | 13,374                                      | 13,218  | 8,135                      | 5,812                            | 322                          | (1,051)                          | 156                                   |
| Profit for the year                | 2,535                                       | 2,507   | -                          | 2,507                            | -                            | -                                | 28                                    |
| Other comprehensive income         | (132)                                       | (132)   | -                          | -                                | -                            | (132)                            | -                                     |
| Total comprehensive income         | 2,403                                       | 2,375   | -                          | 2,507                            | -                            | (132)                            | 28                                    |
| Issuance of shares                 | 6,263                                       | 6,263   | 6,263                      | -                                | -                            | -                                | -                                     |
| Capitalization of IPO fees         | (442)                                       | (442)   | (442)                      | -                                | -                            | -                                | -                                     |
| Dividend paid                      | (2,000)                                     | (2,000)   | -                          | (2,000)                          | -                            | -                                | -                                     |
| <b>Balance at 31 December 2011</b> | <b>19,598</b>                               | <b>19,414</b>   | <b>13,956</b>              | <b>6,319</b>                     | <b>322</b>                   | <b>(1,183)</b>                   | <b>184</b>                            |
| <b>Balance at 1 January 2010</b>   | 10,697                                      | 10,587  | 8,135                      | 3,306                            | 322                          | (1,176)                          | 110                                   |
| Profit for the year                | 4,552                                       | 4,506   | -                          | 4,506                            | -                            | -                                | 46                                    |
| Other comprehensive income         | 125   | 125   | -                          | -                                | -                            | 125                              | -                                     |
| Total comprehensive income         | 4,677                                       | 4,631   | -                          | 4,506                            | -                            | 125                              | 46                                    |
| Dividend paid                      | (2,000)                                     | (2,000)   | -                          | (2,000)                          | -                            | -                                | -                                     |
| <b>Balance at 31 December 2010</b> | <b>13,374</b>                               | <b>13,218</b>   | <b>8,135</b>               | <b>5,812</b>                     | <b>322</b>                   | <b>(1,051)</b>                   | <b>156</b>                            |
| <b>COMPANY</b>                     |   |   |                            |                                  |                              |                                  |                                       |
| <b>Balance at 1 January 2011</b>   | 9,938                                       | 9,938   | 8,135                      | 1,481                            | 322                          | -                                | -                                     |
| Profit for the year                | 2,208                                       | 2,208   | -                          | 2,208                            | -                            | -                                | -                                     |
| Other comprehensive income         | -   | -   | -                          | -                                | -                            | -                                | -                                     |
| Total comprehensive income         | 2,208                                       | 2,208   | -                          | 2,208                            | -                            | -                                | -                                     |
| Issuance of shares                 | 6,263                                       | 6,263   | 6,263                      | -                                | -                            | -                                | -                                     |
| Capitalization of IPO fees         | (442)                                       | (442)   | (442)                      | -                                | -                            | -                                | -                                     |
| Dividend paid                      | (2,000)                                     | (2,000)   | -                          | (2,000)                          | -                            | -                                | -                                     |
| <b>Balance at 31 December 2011</b> | <b>15,967</b>                               | <b>15,967</b>   | <b>13,956</b>              | <b>1,689</b>                     | <b>322</b>                   | <b>-</b>                         | <b>-</b>                              |
| <b>Balance at 1 January 2010</b>   | 9,370                                       | 9,370   | 8,135                      | 913                              | 322                          | -                                | -                                     |
| Profit for the year                | 2,568                                       | 2,568   | -                          | 2,568                            | -                            | -                                | -                                     |
| Other comprehensive income         | -   | -   | -                          | -                                | -                            | -                                | -                                     |
| Total comprehensive income         | 2,568                                       | 2,568   | -                          | 2,568                            | -                            | -                                | -                                     |
| Dividend paid                      | (2,000)                                     | (2,000)   | -                          | (2,000)                          | -                            | -                                | -                                     |
| <b>Balance at 31 December 2010</b> | <b>9,938</b>                                | <b>9,938</b>  | <b>8,135</b>               | <b>1,481</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**

The change in the Company's issued and fully paid-up share capital from 1 January 2011 to 31 December 2011 was as follows:

|  | Number of shares  | Share capital (S\$'000) |
|--|-------------------|-------------------------|
| <i>Ordinary share :-</i>               |                   |                         |
| <b>Balance at 1 January 2011</b>       | 80,888            | 8,135                   |
| New allotment of shares <sup>(1)</sup> | 8,312             | 1,187                   |
| Balance before share split             | 89,200            | 9,322                   |
| Sub-division <sup>(2)</sup>            | 53,430,800        | -                       |
| Balance after Sub-division             | 53,520,000        | 9,322                   |
| Issue of new shares <sup>(3)</sup>     | 18,800,000        | 5,076                   |
| Capitalization of IPO expenses         | -                 | (442)                   |
| <b>Balance at 31 December 2011</b>     | <b>72,320,000</b> | <b>13,956</b>           |
|  |                   |                         |

**Notes:-**

- (1) A total of 8,312 new ordinary shares were issued and allotted on 17 March 2011.
- (2) On 22 July 2011, then shareholders of the Company approved the sub-division of every one ordinary share into 600 ordinary shares ("Sub-division").
- (3) On 8 August 2011, 18,800,000 new ordinary shares were issued pursuant to the Company's listing on the SGX-Catalist. These new shares rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company.

**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 shares (excluding treasury shares) as at 31 December 2011 was 72,320,000 (as at 31 December 2010: 80,888).

**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 year ended 31 December 2011.

**2. Whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed**

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. Please state whether the same accounting policies and method of computation as the issuer's most recently audited financial statements have been followed**

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 2010.

**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 2011. 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 year ended 31 December 2011.

**6. Earnings 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  |            |
|--|------------|------------|
|  | FY2011     | FY2010     |
| Net profit after tax attributable to equity holders of the Company (S\$'000) | 2,507      | 4,506      |
| Weighted average number of ordinary shares                                   | 60,522,133 | 48,532,800 |
| Earnings per share - basic/fully diluted (cents)                             | 4.14       | 9.28       |

For comparative purposes, earnings per share for the periods reported on have been computed based on net profit after tax attributable to equity holders of the Company divided by the number of ordinary shares (adjusted for the "Sub-division").

The Company has no dilutive equity instruments as at 31 December 2011.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares 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 |             |
|-----------------------------------|-------------|-------------|---------------|-------------|
|                                   | 31 Dec 2011 | 31 Dec 2010 | 31 Dec 2011   | 31 Dec 2010 |
| Net asset value (S\$'000)         | 19,414      | 13,218      | 15,967        | 9,938       |
| Number of ordinary shares         | 72,320,000  | 48,532,800  | 72,320,000    | 48,532,800  |
| Net asset value per share (cents) | 26.8        | 27.2        | 22.1          | 20.5        |

For comparative purposes, net asset value per share for the periods reported on have been computed based on net asset value (before non-controlling interests) as at the respective periods divided by the number of ordinary shares (adjusted for the "Sub-division".)

**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 financial performance (FY2011 vs FY2010)**

| Revenue by Business Segments                             | G R O U P     |              |               |              |              |            |
|--|---------------|--------------|---------------|--------------|--------------|------------|
|  | ← FY2011 →    |              | ← FY2010 →    |              | ← Change →   |            |
|  | (S\$'000)     | %            | (S\$'000)     | %            | (S\$'000)    | %          |
|  |               | Contribution |               | Contribution |              |            |
| Residential and commercial (air-conditioning)            | 7,649         | 22.7%        | 6,194         | 19.0%        | 1,455        | 23.5       |
| Oil, marine and gas (refrigeration and air-conditioning) | 2,074         | 6.1%         | 2,689         | 8.2%         | (615)        | (22.9)     |
| Commercial and light industrial (refrigeration)          | 24,030        | 71.2%        | 23,733        | 72.8%        | 297          | 1.3        |
|  | <u>33,753</u> |              | <u>32,616</u> |              | <u>1,137</u> | <u>3.5</u> |

| Gross profit by business segments                        | GROUP         |                |               |                | Change       |              |
|--|---------------|----------------|---------------|----------------|--------------|--------------|
|  | FY2011        |                | FY2010        |                | (S\$'000)    | %            |
|  | (S\$'000)     | % Contribution | (S\$'000)     | % Contribution |              |              |
| Residential and commercial (air-conditioning)            | 2,343         | 22.1%          | 1,648         | 15.4%          | 695          | 42.2         |
| Oil, marine and gas (refrigeration and air-conditioning) | 886           | 8.3%           | 1,081         | 10.1%          | (195)        | (18.0)       |
| Commercial and light industrial (refrigeration)          | 7,387         | 69.6%          | 7,990         | 74.5%          | (603)        | (7.5)        |
|  | <u>10,616</u> |                | <u>10,719</u> |                | <u>(103)</u> | <u>(1.0)</u> |

| Gross profit margin by business segments                 | GROUP  |        | Change +ve/(-ve) |
|--|--------|--------|------------------|
|  | FY2011 | FY2010 |                  |
| Residential and commercial (air-conditioning)            | 30.6%  | 26.6%  | 4.0%             |
| Oil, marine and gas (refrigeration and air-conditioning) | 42.7%  | 40.2%  | 2.5%             |
| Commercial and light industrial (refrigeration)          | 30.7%  | 33.7%  | -3.0%            |
| Overall  | 31.5%  | 32.9%  | -1.4%            |

### **8(a)(i) Revenue by business segments**

Revenue increased by approximately S\$1.1 million or 3.5%, from approximately S\$32.6 million in FY2010 to approximately S\$33.7 million in FY2011. This was mainly due to increases in revenue of approximately S\$1.5 million from the residential and commercial (air-conditioning) segment and of approximately S\$297,000 from the commercial and light industrial (refrigeration) segment, partly offset by decrease in revenue of approximately S\$0.6 million from the oil, marine and gas (refrigeration and air-conditioning) segment.

Revenue from the residential and commercial (air-conditioning) segment increased mainly due to the securing of several new projects in Singapore and an increase in sales to Myanmar and Malaysia in FY2011.

Revenue from the oil, marine and gas (refrigeration and air-conditioning) segment decreased mainly due to the Group's customers holding back their purchases in view of the uncertain economic conditions.

### **8(a)(ii) Gross profit and gross profit margin by business segments**

The Group's gross profit decreased by approximately S\$103,000 or 1.0%, from approximately S\$10.7 million in FY2010 to approximately S\$10.6 million in FY2011. Overall gross profit margin decreased by 1.4 percentage points from 32.9% in FY2010 to 31.5% in FY2011.

Gross profit from the residential and commercial (air-conditioning) segment increased by approximately S\$0.7 million or 42.2%, from approximately S\$1.6 million in FY2010 to approximately S\$2.3 million in FY2011. The Group benefitted from generally higher selling prices as a result of increased prices of raw material such as copper. On the other hand, the Group had previously purchased such raw materials at lower prices. This resulted in the higher gross profit margin achieved of 30.6% in FY2011 as compared to 26.6% in FY2010.

Gross profit from the oil, marine and gas (refrigeration and air-conditioning) segment decreased by approximately S\$0.2 million, from approximately S\$1.1 million in FY2010 to approximately S\$0.9 million in FY2011. Gross profit margin had, however, increased to 42.7% in FY2011 from 40.2% in FY2010 as the Group benefitted from generally higher selling prices as a result of increased prices of raw material such as copper while it had previously purchased such raw materials at lower prices.

Gross profit from the commercial and light industrial (refrigeration) segment decreased by approximately S\$0.6 million from approximately S\$8.0 million in FY2010 to approximately S\$7.4 million in FY2011. Gross profit margin decreased by 3 percentage points from 33.7% in FY2010 to 30.7% in FY2011 as the Group offered more competitive pricing to increase its market share in new markets such as Sri Lanka, Mauritius and Australia.

| Revenue by countries | GROUP         |       |               |       |              |        |
|----------------------|---------------|-------|---------------|-------|--------------|--------|
|                      | ← FY2011 →    |       | ← FY2010 →    |       | ← Change →   |        |
|                      | (S\$'000)     | %     | (S\$'000)     | %     | (S\$'000)    | %      |
|                      | Contribution  |       | Contribution  |       |              |        |
| Singapore            | 12,240        | 36.3% | 13,756        | 42.2% | (1,516)      | (11.0) |
| Malaysia             | 9,243         | 27.4% | 8,872         | 27.2% | 371          | 4.2    |
| Indonesia            | 4,800         | 14.2% | 3,810         | 11.7% | 990          | 26.0   |
| HK & China           | 3,155         | 9.3%  | 3,383         | 10.4% | (228)        | (6.7)  |
| Indochina            | 1,173         | 3.5%  | 922           | 2.8%  | 251          | 27.2   |
| Other countries      | 3,142         | 9.3%  | 1,873         | 5.7%  | 1,269        | 67.8   |
|                      | <u>33,753</u> |       | <u>32,616</u> |       | <u>1,137</u> |        |

### **8(a)(iii) Revenue by countries**

Revenue from Singapore, Malaysia and Indonesia contributed to approximately 77.9% of the Group's revenue in FY2011, compared to approximately 81.1% in FY2010. Revenue contribution from the other countries improved from 18.7% in FY2010 to 22.1% in FY2011, due to increase in market share in new markets such as Sri Lanka, Mauritius and Australia.

Revenue from Singapore decreased by approximately S\$1.5 million or 11%, from approximately S\$13.8 million in FY2010 to approximately S\$12.2 million in FY2011 due mainly to lower orders received, this was partially offset by an increase in sales from Malaysia, Indonesia and Indochina.

Revenue from other countries increased by approximately S\$1.3 million or 67.8%, from approximately S\$1.9 million in FY2010 to approximately S\$3.1 million in FY2011 mainly due to the Group's newly established market in Australia.

#### **8(a)(iv) Other operating income**

Other operating income comprised mainly (i) dividend income from an unquoted investment of approximately S\$353,000; (ii) rental income of approximately S\$172,000; (iii) insurance claims of approximately S\$77,000; (iv) royalty income of approximately S\$77,000; and (v) management fee income of approximately S\$38,000.

Other income decreased by approximately S\$637,000 or 43.8% from approximately S\$1.45 million in FY2010 to approximately S\$815,000 in FY2011 mainly due to non-recurring gain on sales of investment properties of approximately S\$1.1 million in FY2010 which was partly offset by higher dividend income from unquoted investment of approximately S\$353,000 in FY2011.

#### **8(a)(v) Distribution and selling expenses**

Selling and distribution expenses remained relatively constant at approximately S\$2.7 million for both FY2010 and FY2011.

#### **8(a)(vi) Administrative expenses**

Administrative expenses increased by approximately S\$797,000 or 22.4% from approximately S\$3.6 million in FY2010 to approximately S\$4.4 million in FY2011. This was mainly due to higher administrative staff salaries and related costs of approximately S\$620,000 and an increase in director fees of approximately S\$95,000.

#### **8(a)(vii) Other operating expenses**

Other operating expenses increased by approximately S\$697,000 from approximately S\$225,000 in FY2010 to approximately S\$922,000 in FY2011. This was mainly due to a one-time non-recurrent IPO expense of approximately S\$0.9 million in FY2011 which was partially offset by a net gain in foreign exchange of approximately S\$47,000 in FY2011 as compared to a net loss in foreign exchange of approximately S\$204,000 in FY2010.

#### **8(a)(viii) Finance expenses**

Finance expenses decreased by approximately S\$60,000 from approximately S\$302,000 in FY2010 to approximately S\$242,000 in FY2011 due to lower term loan outstanding and lower utilization of trade facilities.

#### **8(a)(ix) Interest Income**

Interest income decreased by approximately S\$3,000, from approximately S\$15,000 in FY2010 to approximately S\$12,000 in FY2011.

#### **8(a)(x) Profit before tax**

As a result of the above, the Group recorded a profit before tax of approximately S\$3.3 million in FY2011 as compared to approximately S\$5.4 million in FY2010.

### **Review of Financial Position (31 December 2011 vs 31 December 2010)**

#### **8(b)(i) Non-current assets**

Non-current assets decreased by approximately S\$335,000 from approximately S\$7.8 million as at 31 December 2010 to approximately S\$7.5 million as at 31 December 2011. This was mainly due to depreciation of fixed assets partially offset by the acquisition of fixed assets in FY2011.

### **8(b)(ii) Current assets**

Current assets increased by approximately S\$3.5 million or 17.3% from approximately S\$20.3 million as at 31 December 2010 to approximately S\$23.8 million as at 31 December 2011.

The increase was mainly due to increases in (i) inventory of approximately S\$2.9 million; (ii) trade debtors of approximately S\$1.6 million; (iii) other receivables of approximately S\$330,000; and (iv) tax recoverable by approximately S\$163,000. These increases is partly offset by decreases in (i) prepayments of approximately S\$0.8 million; and (ii) fixed deposits of approximately S\$0.7 million.

### **8(b)(iii) Current liabilities**

Current liabilities decreased by approximately S\$817,000 or 7.0%, from approximately S\$11.8 million as at 31 December 2010 to approximately S\$11 million as at 31 December 2011.

The decrease was mainly due to decreases in (i) dividend payable of approximately S\$459,000; and (ii) repayment of term loans of approximately S\$325,000.

### **8(b)(iv) Non-current liabilities**

Non-current liabilities decreased by approximately S\$2.2 million from approximately S\$3.0 million as at 31 December 2010 to approximately S\$0.8 million as at 31 December 2011 mainly due to the repayment of (i) term loans (non-current) of approximately S\$1.6 million; and (ii) loans from shareholders and directors of approximately S\$0.6 million.

### **8(b)(v) Equity**

Share capital and reserves increased by approximately S\$6.2 million or 46.9% from approximately S\$13.2 million as at 31 December 2010 to approximately S\$19.4 million as at 31 December 2011. The Group's share capital increased by approximately S\$5.8 million as a result of the new shares issued pursuant to the Group's IPO in August 2011. Accumulated profits increased by approximately S\$0.5 million as the Group recognized a net profit attributable to shareholders of approximately S\$2.5 million and declared dividends of approximately S\$2.0 million in FY2011.

### **8(c) Review of Cash Flow Statement**

In FY2011, net cash generated from operating activities before changes in working capital was approximately S\$3.8 million. Net cash used in working capital amounted to approximately S\$4.0 million. This was mainly due to cash outflows arising from (i) increase in inventories of approximately S\$2.6 million; (ii) increase in trade debtors of approximately S\$1.6 million; (iii) increase in gross amount due to customers for contract work-in-progress of approximately S\$0.6 million; (iv) increase in other receivables of approximately S\$0.3 million, and (v) decrease in other creditors of approximately S\$0.5 million. These were offset by cash inflows arising from (a) decrease in deposits and prepayments of approximately S\$0.7 million; (b) increase in trade payables of approximately S\$0.3 million; (c) increase in amount due to affiliated company approximately S\$0.4 million; and (d) increase in trust receipts and bills payable approximately S\$0.2 million.

We paid interest of approximately S\$242,000 and income tax of approximately S\$1.1 million.

Net cash used in investing activities of approximately S\$174,000 was mainly due to the purchase of fixed assets.

Net cash generated from financing activities of approximately S\$0.8 million was mainly from proceeds from the Group's IPO of approximately S\$5.8 million, partially offset by dividends payment of approximately S\$2.5 million, repayment of loans from shareholders and directors of approximately S\$0.6 million, repayment of term loans of approximately S\$1.9 million and decrease in finance lease obligations of S\$18,000.

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

Not applicable.

**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 the deterioration in the economic condition, we foresee slower growth in the next twelve months in the residential and commercial (air-conditioning) segment as construction of new residential and commercial projects in Singapore is expected to slow down. Nevertheless, barring unforeseen circumstances, our Directors believe that revenue from the commercial and light industrial (refrigeration) segment will continue to grow as this segment is more resilient while revenue from the oil, marine and gas (air-conditioning and refrigeration) segment will remain relatively stable.

Our Directors believe that revenue from our overseas markets will continue to grow on the back of our continuing efforts to expand into these markets.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

The following final dividend is recommended for shareholders' approval at the Annual General Meeting of the Company to be convened.

| Name of dividend | Recommended final dividend for FY2011 |
|------------------|---------------------------------------|
| Dividend type    | Ordinary                              |
| Dividend rate    | 1.05 cents per ordinary share         |
| Tax rate         | Tax exempt (one-tier)                 |

The following interim 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)       |

Note: A total of S\$1,845,502 of the aforementioned interim dividend for FY2011 has been paid in September 2011 and January 2012, and payment of the balance S\$154,498 remains outstanding and will be fully paid in FY2012.



**(b) Previous corresponding period**

The following dividend was declared and paid to the shareholders of the Company as reflected on the register of shareholders as at 11 November 2010.

| Name of dividend | Total dividend for FY2010   |
|------------------|-----------------------------|
| Dividend type    | Ordinary                    |
| Dividend rate    | S\$24.73 per ordinary share |
| Tax rate         | Tax exempt (one-tier)       |

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

One-tier tax exempt.

**(d) Date Payable**

To be announced, subject to Shareholders' approval at the Company's Annual General Meeting.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

To be announced.

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

Not applicable.

**13. Use of Proceeds**

As at the date of this announcement, the Group has utilised S\$2.2 million out of net proceeds from its IPO of S\$3.5 million for general working capital purposes.

**Part II Additional Information Required for Full Year Announcement**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Refer to item 8 for segment information on revenue and gross profit of the Group.

**Non-current assets**

|           | FY2011<br>(S\$'000) | FY2010<br>(S\$'000) |
|-----------|---------------------|---------------------|
| Singapore | 5,013               | 5,166               |
| Malaysia  | 2,175               | 2,325               |
| Hong Kong | 24                  | 45                  |
|           | <u>7,212</u>        | <u>7,536</u>        |

Non-current assets information presented above consist of fixed assets, investment properties and other receivables.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to item 8 for segment information on revenue and gross profit of the Group.

**16. A breakdown of sales as follows:-**

|   | FY2011<br>(S\$'000) | FY2010<br>(S\$'000) | Increase/<br>(Decrease)<br>% |
|---|---------------------|---------------------|------------------------------|
| (a) Sales reported for first half year  | 14,935              | 14,030              | 6.5                          |
| (b) Operating profit/(Loss) after tax before deducting minority interests reported for the first half year  | 334                 | 1,407               | (76.3)                       |
| (c) Sales reported for second half year   | 18,818              | 18,586              | 1.2                          |
| (d) Operating profit/(Loss) after tax before deducting minority interests reported for the second half year | 2,201               | 3,145               | (30.0)                       |

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

|            | FY2011<br>(S\$'000)  | FY2010<br>(S\$'000) |
|------------|----------------------|---------------------|
| Ordinary   | 2,760 <sup>(1)</sup> | 2,000               |
| Preference | -                    | -                   |
| Total      | 2,760                | 2,000               |

**Note:-**

(1) This includes the recommended final dividend for FY2011 of approximately S\$760,000, subject to shareholders' approval at the Company's Annual General Meeting.

## 18. 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) |                     |
|---|---|---------------------|--|---------------------|
|   | FY2011<br>(S\$'000)   | FY2010<br>(S\$'000) | FY2011<br>(S\$'000)  | FY2010<br>(S\$'000) |
| Purchases from Shanghai Eden Refrigeration Co Ltd         | Nil   | Nil                 | 862  | 262                 |
| Sales to Shanghai Eden Refrigeration Manufacturing Co Ltd | Nil   | Nil                 | 103  | Nil                 |

## 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Group does not have any employee holding a managerial position in the Company or in the Group who is a relative of directors or chief executive officer or substantial shareholder of the Company.

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

Steven Loh Mun Yew  
CEO and Executive Director  
27 February 2012