



FAR EAST GROUP LIMITED

远东集团有限公司

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 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. 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. Alex Tan, Managing Director, Corporate Finance, Canaccord Genuity Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS ENDED 31 DECEMBER 2012 (“FY2012”)

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 →		Change +ve/(-ve) %
	Unaudited FY2012 S\$'000	Audited FY2011 S\$'000	
Revenue	28,684	33,753	(15.0)
Cost of sales	(20,665)	(23,137)	10.7
Gross profit	8,019	10,616	(24.5)
Other operating income	660	821	(19.6)
Distribution and selling expenses	(2,704)	(2,666)	(1.4)
Administrative expenses	(5,239)	(4,353)	(20.4)
Other operating expenses ⁽¹⁾	(7)	(928)	99.3
	(7,950)	(7,947)	(0.0)
Profit from operations	729	3,490	(79.1)
Finance expenses	(138)	(242)	43.0
Interest income	15	12	25.0
Profit before tax	606	3,260	(81.4)
Income tax (estimate)	(221)	(725)	69.5
Profit for the period	385	2,535	(84.8)
Other comprehensive income			
Foreign currency translation on foreign operations	(253)	(132)	91.7
Total comprehensive income	132	2,403	(94.5)
Profit for the period attributable to :-			
Equity holders of the company	384	2,507	(84.7)
Non Controlling interest	1	28	(96.4)
	385	2,535	(84.8)
Total comprehensive income attributable to :-			
Equity holders of the company	131	2,375	(94.5)
Non Controlling interests	1	28	(96.4)
	132	2,403	(94.5)

Notes:-

(1) includes non-recurring listing expense of approximately S\$0.9 million incurred in FY2011

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

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

	← GROUP →		
	Unaudited	Audited	Change
	FY2012	FY2011	+ve/(-ve)
	S\$'000	S\$'000	%
Dividend income from unquoted investment	(89)	(353)	(74.8)
Interest income	(15)	(12)	25.0
Interest expenses	138	242	43.0
Inventories written down/(back), net	1,351	(315)	n.m.
Inventory written off	6	28	78.6
Allowance for doubtful trade debts	597	16	n.m.
Allowance for doubtful trade debts written back	(8)	(56)	(85.7)
Allowance for doubtful trade debts from an affiliated company written back	(37)	(19)	94.7
Sundry debts written off	-	21	n.m.
Fixed assets written off	5	24	79.2
(Gain)/Loss on disposal of fixed assets, net	(4)	15	n.m.
Depreciation of fixed assets	375	398	5.8
Foreign exchange gain, net	(18)	(54)	(66.7)

n.m.: not meaningful

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

STATEMENT OF FINANCIAL POSITION

	← Group →		← Company →	
	Unaudited 31 Dec 2012 S\$'000	Audited 31 Dec 2011 S\$'000	Unaudited 31 Dec 2012 S\$'000	Audited 31 Dec 2011 S\$'000
Non-current assets				
Fixed assets	7,056	7,211	6,340	6,563
Investments in subsidiary companies	-	-	3,339	3,339
Unquoted investments	88	89	-	-
Other receivables	-	1	-	-
Deferred tax assets	225	163	53	-
Total non-current assets	7,369	7,464	9,732	9,902
Current assets				
Inventories	8,918	11,070	5,541	7,419
Trade debtors	6,414	8,257	4,414	5,633
Other receivables	443	467	52	45
Deposits	84	89	21	28
Prepayments	711	470	515	416
Due from subsidiary companies (trade)	-	-	1,316	1,354
Due from subsidiary companies (non-trade)	-	-	897	984
Due from affiliated companies (trade)	146	227	146	227
Due from affiliated companies (non-trade)	58	64	58	64
Tax recoverable	65	169	-	156
Fixed deposits pledged to bank	331	351	-	-
Fixed deposits	93	316	6	6
Cash and bank balances	3,783	2,338	1,089	649
Total current assets	21,046	23,818	14,055	16,981
Current liabilities				
Trade payables	1,606	1,841	1,203	1,535
Trust receipts and bills payable (secured)	3,510	3,598	3,097	2,836
Other creditors	366	301	288	251
Accruals and other liabilities	1,373	1,502	956	1,102
Provision for warranty	336	354	336	354
Dividend payable	97	1,177	97	1,177
Due to subsidiary companies (trade)	-	-	683	771
Due to subsidiary companies (non-trade)	-	-	514	473
Due to affiliated company (trade)	731	759	668	697
Due to affiliated company (non-trade)	120	113	13	-
Provision for income tax	24	505	20	418
Finance lease obligations (current)	19	18	19	19
Term loans (current)	1,132	123	1,132	123
Loans from shareholders and directors (current)	-	480	-	480
Derivative financial instruments	-	7	-	-
Bank overdrafts (secured)	1	156	1	2
Total current liabilities	9,315	10,934	9,027	10,238
Net current assets	11,731	12,884	5,028	6,743
Non-current liabilities				
Deferred tax liabilities	78	74	-	2
Finance lease obligations (non-current)	20	40	20	40
Term loans (non-current)	32	157	32	157
Loans from shareholders and directors (non-current)	-	479	-	479
Total non-current liabilities	130	750	52	678
Total net assets	18,970	19,598	14,708	15,967
Share capital and reserves				
Share capital	13,956	13,956	13,956	13,956
Accumulated profits	5,943	6,319	430	1,689
Capital reserve	322	322	322	322
Translation reserve	(1,436)	(1,183)	-	-
	18,785	19,414	14,708	15,967
Non-controlling interests	185	184	-	-
Total equity	18,970	19,598	14,708	15,967

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

	As at 31 December 2012		As at 31 December 2011	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Repayable in one year or less, or on demand	4,662	0	3,895	480
Repayable after one year	52	0	197	479
Total borrowings	4,714	0	4,092	959

Details of any collateral

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	← GROUP →	
	Year Ended 31 December	
	2012	2011
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	606	3,260
Adjustments:		
Allowance for doubtful trade debts	597	16
Allowance for doubtful trade debts written back	(8)	(56)
Allowance for doubtful debts due from an affiliated company written back	(37)	(19)
Sundry debts written off	-	21
Inventories written down/(back), net	1,351	(315)
Fixed asset written off	5	24
(Gain)/Loss on disposal of fixed assets, net	(4)	15
Depreciation of fixed assets	375	398
Net fair value loss on derivatives	-	6
Warranty (written back)/expense	(4)	341
Interest expense	138	242
Interest income	(15)	(12)
Translation difference	(190)	(88)
Operating profit before working capital changes	2,814	3,833
<i>(Increase)/decrease in:</i>		
Inventories	801	(2,555)
Gross amount due to customers for contract work-in-progress	-	(593)
Other receivables	24	(334)
Deposits and prepayments	(236)	795
Trade debtors	1,254	(1,552)
<i>Increase/(decrease) in:</i>		
Trade payables	(235)	346
Other creditors	65	(467)
Accruals and other liabilities	(150)	(284)
Due to affiliated companies, net	103	433
Cash generated from/(used in) from operations	4,440	(378)
Interest paid	(138)	(242)
Income taxes paid	(823)	(1,060)
Income taxes refunded	167	13
Interest income	15	12
Net cash generated from/(used in) operating activities	3,661	(1,655)
Cash flows from investing activities		
Proceeds from sale of fixed assets	4	20
Purchase of fixed assets	(286)	(194)
Net cash used in investing activities	(282)	(174)

← GROUP →
Year Ended 31 December
2012 2011
S\$'000 S\$'000

Cash flows from financing activities

Dividends paid	(1,840)	(2,459)
Fixed deposits pledged to bank	-	(351)
(Repayment)/draw down of trust receipts and bills payable	(88)	175
Repayment of loans extended by shareholders and directors	(959)	(623)
Repayment of finance lease obligations	(19)	(18)
Repayment of term loans	(116)	(1,911)
Proceeds from term loans	1,000	-
Net proceeds from issuance of shares	-	5,821

Net cash (used in)/generated from financing activities

(2,022)	634
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Net increase/(decrease) in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents	1,357	(1,195)
Cash and cash equivalents at beginning of year	20	-
	2,498	3,693

Cash and cash equivalents at end of year

3,875	2,498
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Cash and cash equivalents consist of the following :

Cash and bank balances	3,783	2,338
Fixed deposits	424	667
	4,207	3,005
Bank overdraft	(1)	(156)
Cash and cash equivalents	4,206	2,849
Fixed deposits pledged to bank	(331)	(351)
	3,875	2,498

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	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
GROUP							
Balance at 1 January 2012	19,598	19,414	13,956	6,319	322	(1,183)	184
Profit for the year	385	384	-	384	-	-	1
Other comprehensive income	(253)	(253)	-	-	-	(253)	-
Total comprehensive income	132	131	-	384	-	(253)	1
Dividend paid	(760)	(760)	-	(760)	-	-	-
Balance at 31 December 2012	18,970	18,785	13,956	5,943	322	(1,436)	185
Balance at 1 January 2011	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	-	-	-	-
Share issuance expenses	(442)	(442)	(442)	-	-	-	-
Dividend paid	(2,000)	(2,000)	-	(2,000)	-	-	-
Balance at 31 December 2011	19,598	19,414	13,956	6,319	322	(1,183)	184
COMPANY							
Balance at 1 January 2012	15,967	15,967	13,956	1,689	322	-	-
Loss for the year	(499)	(499)	-	(499)	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	(499)	(499)	-	(499)	-	-	-
Dividend paid	(760)	(760)	-	(760)	-	-	-
Balance at 31 December 2012	14,708	14,708	13,956	430	322	-	-
Balance at 1 January 2011	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	-	-	-	-
Share issuance expenses	(442)	(442)	(442)	-	-	-	-
Dividend paid	(2,000)	(2,000)	-	(2,000)	-	-	-
Balance at 31 December 2011	15,967	15,967	13,956	1,689	322	-	-

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares 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 31 December 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 shares (excluding treasury shares) as at 31 December 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 year ended 31 December 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 Company's 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

Save 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 ("IFRS") which became effective for the accounting periods beginning on or after 1 January 2012. The adoption of these new and revised FRS

and IFRS 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 2012.

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

	GROUP	
	FY2012	FY2011
Net profit after tax attributable to equity holders of the Company (S\$'000)	384	2,507
Weighted average number of ordinary shares ('000)	72,320	60,522
Earning per share - basic/fully diluted (cents)	0.53	4.14

The Company has no dilutive equity instruments as at 31 December 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

	GROUP		COMPANY	
	As at 31 Dec 2012	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2011
Net asset value (S\$'000)	18,785	19,414	14,708	15,967
Number of ordinary shares ('000)	72,320	72,320	72,320	72,320
Net asset value per share (cents)	26.0	26.8	20.3	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

Revenue

Revenue decreased by approximately S\$5.1 million or 15.0%, from approximately S\$33.8 million in FY2011 to approximately S\$28.7 million in FY2012. This was mainly due to a decrease in revenue of approximately S\$3.6 million from the commercial and light industrial (refrigeration) segment and approximately S\$1.6 million from the residential and commercial (air-conditioning) segment as a result of several project delays by customers in Singapore as well as general business slowdown on the back of political uncertainties in the Malaysian market and credit-tightening in China. The decrease in

revenue was partially offset by a slight increase in revenue of approximately S\$0.1 million from the oil, marine and gas (refrigeration and air-conditioning) segment.

Revenue by Business Segment	GROUP				Change +ve/(-ve) %
	FY2012 S\$'000	% Contribution	FY2011 S\$'000	% Contribution	
Residential and commercial (air-conditioning)	6,060	21.1%	7,649	22.7%	(20.8)
Oil, marine and gas (refrigeration and air-conditioning)	2,175	7.6%	2,074	6.1%	4.9
Commercial and light industrial (Refrigeration)	20,449	71.3%	24,030	71.2%	(14.9)
	<u>28,684</u>	<u>100%</u>	<u>33,753</u>	<u>100%</u>	

Gross profit and gross profit margin

The Group's gross profit decreased by approximately S\$2.6 million or 24.5%, from S\$10.6 million in FY2011 to S\$8.0 million in FY2012, due mainly to the provision for inventory obsolescence and write-down in accordance to the Group's inventory provision policy. The Group's gross profit margin without accounting for inventory provisions and/or write-down would have been 32.7%, an increase from 30.5% in FY2011, due to better cost management and sales strategy to focus on higher margin products.

Gross profit has decreased for all the three business segments. The gross profit for the commercial and light industrial (refrigeration) segment decreased by S\$1.8 million or 24.6%. This segment continues to be Group's key business segment accounting for 69.4% of our Group's gross profit for FY2012. The residential and commercial (air-conditioning) segment which contributed 19.8% of group profit, suffered a drop of approximately S\$758,000 or 32.4%. Contribution from Oil, marine and gas (refrigeration and air-conditioning) segment which contributed 10.8% of group profit, suffered a drop of approximately S\$19,000 or 2.1%.

Gross Profit by Business Segment	GROUP		Change +ve/(-ve) %
	FY2012 S\$'000	FY2011 S\$'000	
Residential and commercial (air-conditioning)	1,585	2,343	(32.4)
Oil, marine and gas (refrigeration and air-conditioning)	867	886	(2.1)
Commercial and light industrial (Refrigeration)	5,567	7,387	(24.6)
	<u>8,019</u>	<u>10,616</u>	

Oil, marine and gas (refrigeration and air-conditioning) is the more profitable segment contributing gross margin of 39.9% for FY2012 and 42.7% in FY2011. The other two segments contribute gross margin ranging from 26% to 27% in FY2012.

Gross Profit Margin (%) by business segment	← GROUP →		Change +ve/(-ve) %
	FY2012 %	FY2011 %	
Residential and commercial (air-conditioning)	26.2	30.6	(4.4)
Oil, marine and gas (refrigeration and air-conditioning)	39.9	42.7	(2.8)
Commercial and light industrial (Refrigeration)	27.2	30.7	(3.5)
Overall	28.0	31.5	(3.5)

Other operating income

Other operating income comprised mainly (i) dividend income from an unquoted investment of approximately S\$89,000; (ii) rental income of approximately S\$269,000; (iii) insurance claims of approximately S\$15,000; (iv) royalty income of approximately S\$82,000; and (v) management fee income of approximately S\$95,000.

Other operating income decreased slightly from S\$821,000 in FY2011 to S\$660,000 in FY2012 mainly due to a reduction in dividend income from an unquoted investment of S\$264,000 which was compensated by an increase in rental income of S\$97,000.

Distribution and selling expenses

Distribution and selling expenses remained relatively constant at approximately S\$2.7 million for both FY2012 and FY2011.

Administrative expenses

Administrative expenses increased from S\$4.4 million in FY2011 to S\$5.3 million in FY2012 due to a specific provision for doubtful debt of S\$575,000 and an increase in legal and professional fees of S\$314,000 in relation to business expansion activities.

Other operating expenses

Other operating expenses decreased by approximately S\$921,000 due mainly to the absence of one-off listing expenses of approximately S\$900,000 incurred in FY2011.

Finance expenses

Finance expenses decreased by approximately S\$104,000, from approximately S\$242,000 in FY2011 to approximately S\$138,000 in FY2012, due to lower borrowings and a decrease in interest rates.

Review of Financial Position

Non-current assets

Non-current assets decreased by approximately S\$0.1 million or 1.3%, from approximately S\$7.5 million as at 31 December 2011 to approximately S\$7.4 million as at 31 December 2012. This was mainly due to depreciation of fixed assets partially offset by the acquisition of fixed assets in FY2012.

Current assets

Current assets decreased by approximately S\$2.8 million or 11.8%, from approximately S\$23.8 million as at 31 December 2011 to approximately S\$21.0 million as at 31 December 2012.

The decrease was mainly due to decreases in (i) inventory of approximately S\$2.2 million; (ii) trade debtors of approximately S\$1.8 million; and (iii) fixed deposits of approximately S\$0.2 million. These decreases were partially offset by increase in cash and bank balances of approximately S\$1.4 million.

Current liabilities

Current liabilities decreased by approximately S\$1.6 million or 14.7%, from approximately S\$10.9 million as at 31 December 2011 to approximately S\$9.3 million as at 31 December 2012.

The decrease was due mainly to decreases in (i) dividend payable of approximately S\$1.1 million; and (ii) full repayment of loan extended by shareholder of approximately S\$0.5 million. These decreases were partly offset by increase in term loans of approximately S\$1.0 million.

Non-current liabilities

Non-current liabilities decreased by approximately S\$0.7 million, from approximately S\$0.8 million as at 31 December 2011 to approximately S\$0.1 million as at 31 December 2012, mainly due to (i) the repayment of loan extended by shareholder of approximately S\$0.5 million and (ii) repayment of long-term term loans of approximately S\$125,000.

Equity

Share capital and reserves decreased by approximately S\$0.6 million or 3.1%, from approximately S\$19.6 million as at 31 December 2011 to approximately S\$19.0 million as at 31 December 2012, mainly due to a final dividend in respect of FY2011 of approximately S\$0.8 million which was declared and paid in FY2012.

Review of Cash Flow Statement

Net cash generated from operating activities before changes in working capital was approximately S\$2.8 million. Net cash generated from working capital amounted to approximately S\$1.6 million. This was mainly due to cash inflows arising from (i) decrease in trade debtors of approximately S\$1.2 million; (ii) decrease in inventories of approximately S\$0.8 million; and (iii) increase in amount due to affiliated company approximately S\$0.1 million. These were partially offset by cash outflows arising from (i) decrease in trade payables of S\$0.2 million; (ii) decrease in accruals and other liabilities of approximately S\$0.1 million; and (iii) increase in deposits and prepayments of approximately S\$0.2 million. We paid bank interest of approximately S\$0.1 million and income tax of approximately S\$0.8 million.

Net cash used in investing activities of approximately S\$282,000 was mainly due to the purchase of plant and equipment.

Net cash used in financing activities of approximately S\$2.0 million was mainly due to dividends paid of S\$1.8 million, repayment of loan extended by shareholder of S\$1.0 million and repayment of trust receipts and bills payable of S\$0.1 million which was partly offset by net proceeds from term loans of approximately S\$0.9 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

The economic outlook for the next 12 months remains uncertain. We expect a slow recovery in the global markets, in view of the quantitative easing measures taking place in the USA and European Union. The Chinese economy looks to be recovering after the political transition but still struggles with its high domestic inflation rates and runaway property prices.

The Group's revenue from its main markets in Singapore, Malaysia and Indonesia had suffered from slower domestic demand and delays in new project launches. The Group's focus will continue to be on expanding our product range and tapping into regional markets with growth potential.

Going forward, the Group plans to be more aggressive in marketing and promotional efforts and intends to work more closely with our customers who are expecting to launch their delayed projects. The Group will also improve greater efficiency by exploring ways to further control expenses and enhance sales strategies to create synergies within the organisation.

11. Dividend

(a) Current Financial Period Reported on 31 December 2012

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

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 FY2012
Dividend type	Ordinary
Dividend rate	S\$0.0054 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

The following dividend was declared to the shareholders of the Company on the register of shareholders as at 15 May 2012.

Name of dividend	Final dividend for financial year ended 31 December 2011
Dividend type	Ordinary
Dividend rate	S\$0.0105 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)
Date paid	25 May 2012
Date declared	27 April 2012

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

Name of dividend	Interim dividend for financial year ended 31 December 2011
Dividend type	Ordinary
Dividend rate	S\$24.73 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)
Date paid	Fully paid by January 2012
Date declared	15 February 2011

(c) Date Payable

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

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

Not applicable.

13. Use of Proceeds

	Allocation of Net Proceeds S\$'000	Amount Utilised S\$'000
Expansion of our sales and distribution network	600	91
Expansion and upgrade of existing manufacturing facilities	400	160
Research and development of new products	300	20
General working capital	2,200	2,200
Total	3,500	2,471

As at the date of this announcement, the Group has utilised approximately S\$2.5 million of the net IPO proceeds of S\$3.5 million, as set out in the table above.

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

Please refer to paragraph 8 for segmental information on the Group's revenue and gross profit.

Non-current assets

	FY2012 S\$'000	FY2011 S\$'000
Singapore	4,862	5,013
Malaysia	2,172	2,175
Hong Kong	22	24
	<u>7,056</u>	<u>7,212</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.

Please refer to paragraph 8 for segmental information on the revenue and gross profit of the Group.

16. A breakdown of sales as follows:-

	← GROUP → FY2012 S\$'000	FY2011 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	13,810	14,935	(7.5)
(b) Operating profit/(Loss) after tax before deducting minority interests reported for the first half year	349	334	4.5
(c) Sales reported for second half year	14,874	18,818	(21.0)
(d) Operating profit/(Loss) after tax before deducting minority interests reported for the second half year	36	2,201	(98.4)

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

	Year Ended 31 Dec 2012 S\$'000	Year Ended 31 Dec 2011 S\$'000
Ordinary	760 ⁽²⁾	2,000 ⁽¹⁾
Preference	-	-
Total	760	2,000

Note:-

- (1) Relates to dividends declared to pre-IPO shareholders in the financial year ended 31 December 2011 of which S\$968,363 was paid in the same financial year. The balance was paid in January 2012.
- (2) Relates to dividends declared in respect of the financial year ended 31 December 2011. The dividends were paid in the financial year ended 31 December 2012 following approval by shareholders at the Company's Annual General Meeting held on 27 April 2012.

The proposed final dividend of S\$390,528 in respect of the financial year ended 31 December 2012 is subject to shareholders' approval at the forthcoming 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)	
	FY2012 S\$'000	FY2011 S\$'000	FY2012 S\$'000	FY2011 S\$'000
Purchase from Shanghai Eden Refrigeration Co Ltd	Nil	Nil	108	862
Sales to Shanghai Eden Refrigeration Manufacturing Co Ltd	Nil	Nil	Nil	103

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 the Director or substantial shareholders of the Company.

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

Steven Loh Mun Yew
CEO and Executive Director
27 February 2013