

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 DECEMBER 2013**

*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 Ms Karen Soh, 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 2013 (“FY2013”)**

**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 FY2013 S\$'000	Audited FY2012 S\$'000	
<b>Revenue</b>	35,634	28,684	24.2
Cost of sales	(24,114)	(20,665)	16.7
<b>Gross profit</b>	11,520	8,019	43.7
Other operating income	1,045	660	58.3
Distribution and selling expenses	(3,542)	(2,704)	31.0
Administrative expenses	(5,426)	(5,239)	3.6
Other operating expenses	(159)	(7)	2,171.4
	(9,127)	(7,950)	14.8
<b>Profit from operations</b>	3,438	729	371.6
Finance expenses	(222)	(138)	60.9
Interest income	22	15	46.7
<b>Profit before tax</b>	3,238	606	434.3
Tax expense	(414)	(221)	87.3
<b>Profit for the year</b>	2,824	385	633.5
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	(35)	(253)	(86.2)
<b>Total comprehensive income for the year</b>	2,789	132	2,012.9
<b>Profit for the year attributable to :-</b>			
Equity holders of the Company	2,831	384	637.2
Non-controlling interests	(7)	1	n.m
	2,824	385	633.5
<b>Total comprehensive income for the year attributable to :-</b>			
Equity holders of the Company	2,771	131	2,015.3
Non-controlling interests	18	1	1,700.0
	2,789	132	2,012.9

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):

	← Group →		
	Unaudited FY2013 S\$'000	Audited FY2012 S\$'000	Change +ve/(-ve) %
Dividend income from unquoted investment	(417)	(89)	368.5
Interest income	(22)	(15)	46.7
Finance expenses	222	138	60.9
Inventories written (back)/down, net	(572)	1,351	n.m
Inventory written off	22	6	266.7
Allowance for doubtful trade debts	-	597	n.m
Allowance for doubtful trade debts written back	(61)	(8)	662.5
Allowance for doubtful trade debts from an affiliated company written back	(13)	(37)	(64.9)
Fixed assets written off	6	5	20.0
Loss/(Gain) on disposal of fixed assets, net	4	(4)	n.m
Depreciation of fixed assets	824	375	119.7
Amortisation of land use right	23	-	n.m
Amortisation of intangible assets	44	-	n.m
Foreign exchange loss/(gain), net	149	(18)	n.m

n.m.: not meaningful

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

**STATEMENT OF FINANCIAL POSITION**

	← Group →		← Company →	
	Unaudited	Audited	Unaudited	Audited
	As at 31 December 2013 S\$'000	As at 31 December 2012 S\$'000	As at 31 December 2013 S\$'000	As at 31 December 2012 S\$'000
<b>Non-current assets</b>				
Fixed assets	16,375	7,056	6,153	6,340
Land use right	2,166	-	-	-
Intangible assets	872	-	-	-
Investments in subsidiary companies	-	-	15,078	3,339
Unquoted investments	89	88	-	-
Other receivables	26	-	-	-
Deferred tax assets	140	225	-	53
<b>Total non-current assets</b>	<b>19,668</b>	<b>7,369</b>	<b>21,231</b>	<b>9,732</b>
<b>Current assets</b>				
Inventories	10,386	8,918	5,017	5,541
Trade debtors	7,618	6,414	4,055	4,414
Other receivables	1,432	443	755	52
Deposits	118	84	14	21
Prepayments	1,127	711	830	515
Due from subsidiary companies (trade)	-	-	1,900	1,316
Due from subsidiary companies (non-trade)	-	-	566	897
Due from affiliated companies (trade)	-	146	-	146
Due from affiliated companies (non-trade)	30	58	3	58
Tax recoverable	287	65	-	-
Fixed deposits pledged to bank	431	331	-	-
Fixed deposits	704	390	6	6
Cash and bank balances	6,154	3,486	3,376	1,089
<b>Total current assets</b>	<b>28,287</b>	<b>21,046</b>	<b>16,522</b>	<b>14,055</b>
<b>Current liabilities</b>				
Trade payables	2,412	1,606	1,254	1,203
Trust receipts and bills payable (secured)	4,772	3,510	4,617	3,097
Other creditors	497	366	258	288
Accruals and other liabilities	2,202	1,373	850	956
Provision for warranty	157	336	157	336
Dividend payable	108	97	108	97
Due to subsidiary companies (trade)	-	-	1,708	683
Due to subsidiary companies (non-trade)	-	-	158	514
Due to affiliated company (trade)	39	731	1	668
Due to affiliated company (non-trade)	154	120	5	13
Provision for income tax	340	24	207	20
Finance lease obligations (current)	172	19	20	19
Term loans (current)	2,300	1,132	1,499	1,132
Bank overdrafts (secured)	-	1	-	1
<b>Total current liabilities</b>	<b>13,153</b>	<b>9,315</b>	<b>10,842</b>	<b>9,027</b>
<b>Net current assets</b>	<b>15,134</b>	<b>11,731</b>	<b>5,680</b>	<b>5,028</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	84	78	13	-
Finance lease obligations (non-current)	12	20	-	20
Term loans (non-current)	5,869	32	5,268	32
<b>Total non-current liabilities</b>	<b>5,965</b>	<b>130</b>	<b>5,281</b>	<b>52</b>
<b>Total net assets</b>	<b>28,837</b>	<b>18,970</b>	<b>21,630</b>	<b>14,708</b>
<b>Share capital and reserves</b>				
Share capital	19,264	13,956	19,264	13,956
Accumulated profits	8,383	5,943	2,044	430
Capital reserve	322	322	322	322
Translation reserve	(1,496)	(1,436)	-	-
	26,473	18,785	21,630	14,708
<b>Non-controlling interests</b>	2,364	185	-	-
<b>Total equity</b>	<b>28,837</b>	<b>18,970</b>	<b>21,630</b>	<b>14,708</b>

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

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

	<b>As at 31 December 2013</b>		<b>As at 31 December 2012</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Repayable in one year or less, or on demand	7,244	-	4,662	-
Repayable after one year	5,881	-	52	-
<b>Total borrowings</b>	<b>13,125</b>	<b>-</b>	<b>4,714</b>	<b>-</b>

**Details of any collateral**

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	← Group →	
	Unaudited FY2013 S\$'000	Audited FY2012 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	3,238	606
Adjustments:		
Allowance for doubtful trade debts	-	597
Allowance for doubtful trade debts written back	(61)	(8)
Allowance for doubtful debts due from an affiliated company written back	(13)	(37)
Inventories written (back)/down, net	(572)	1,351
Fixed asset written off	6	5
Loss/(Gain) on disposal of fixed assets, net	4	(4)
Depreciation of fixed assets	824	375
Amortisation of land use right	23	-
Amortisation of intangible assets	44	-
Warranty (written back)/expense	(168)	(4)
Interest expense	222	138
Interest income	(22)	(15)
Translation difference	(167)	(190)
Operating profit before working capital changes	3,358	2,814
<i>(Increase)/decrease in:</i>		
Inventories	2,179	801
Other receivables	(498)	24
Deposits and prepayments	(242)	(236)
Trade debtors	(439)	1,254
<i>Increase/(decrease) in:</i>		
Trade payables	(509)	(235)
Other creditors	(105)	65
Accruals and other liabilities	(211)	(150)
Due to affiliated companies, net	(1,503)	103
Cash generated from operations	2,030	4,440
Interest paid	(222)	(138)
Income taxes paid	(523)	(823)
Income taxes refunded	296	167
Interest income	22	15
<b>Net cash generated from operating activities</b>	1,603	3,661
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	-	4
Purchase of fixed assets	(1,748)	(286)
Acquisition of subsidiary, net of cash acquired	(8,631)	-
<b>Net cash used in investing activities</b>	(10,379)	(282)

	← Group →	
	Unaudited	Audited
	FY2013	FY2012
	S\$'000	S\$'000

**Cash flows from financing activities**

Dividends paid	(380)	(1,840)
Fixed deposits pledged to bank	(100)	-
Draw down/(Repayment) of trust receipts and bills payable	1,262	(88)
Repayment of loans extended by shareholders and directors	-	(959)
Repayment of finance lease obligations	(68)	(19)
Repayment of term loans	(2,412)	(116)
Proceeds from term loans	8,101	1,000
Net proceeds from issuance of shares	5,308	-

**Net cash generated from/(used in) financing activities**

	11,711	(2,022)
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**Net increase in cash and cash equivalents**

	2,935	1,357
Effect of exchange rate changes on cash and cash equivalents	48	20
Cash and cash equivalents at beginning of year	3,875	2,498

**Cash and cash equivalents at end of year**

	6,858	3,875
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**Cash and cash equivalents consist of the following :**

Cash and bank balances	6,154	3,783
Fixed deposits	1,135	424
	7,289	4,207
Bank overdraft	-	(1)
Cash and cash equivalents	7,289	4,206
Fixed deposits pledged to bank	(431)	(331)
	6,858	3,875

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	
<b>GROUP</b>							
<b>Balance at 1 January 2013</b>	18,970	18,785	13,956	5,943	322	(1,436)	185
Profit/(Loss) for the year	2,824	2,831	-	2,831	-	-	(7)
Other comprehensive income	(35)	(60)	-	-	-	(60)	25
Total comprehensive income	2,789	2,771	-	2,831	-	(60)	18
Acquisition of subsidiary	2,161	-	-	-	-	-	2,161
Issuance of shares	5,424	5,424	5,424	-	-	-	-
Share issuance expenses	(116)	(116)	(116)	-	-	-	-
Dividends paid	(391)	(391)	-	(391)	-	-	-
<b>Balance at 31 December 2013</b>	<b>28,837</b>	<b>26,473</b>	<b>19,264</b>	<b>8,383</b>	<b>322</b>	<b>(1,496)</b>	<b>2,364</b>
<b>Balance at 1 January 2012</b>	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
Dividends paid	(760)	(760)	-	(760)	-	-	-
<b>Balance at 31 December 2012</b>	<b>18,970</b>	<b>18,785</b>	<b>13,956</b>	<b>5,943</b>	<b>322</b>	<b>(1,436)</b>	<b>185</b>
<b>COMPANY</b>							
<b>Balance at 1 January 2013</b>	14,708	14,708	13,956	430	322	-	-
Profit for the year	2,005	2,005	-	2,005	-	-	-
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	2,005	2,005	-	2,005	-	-	-
Issuance of shares	5,424	5,424	5,424	-	-	-	-
Share issuance expenses	(116)	(116)	(116)	-	-	-	-
Dividends paid	(391)	(391)	-	(391)	-	-	-
<b>Balance at 31 December 2013</b>	<b>21,630</b>	<b>21,630</b>	<b>19,264</b>	<b>2,044</b>	<b>322</b>	<b>-</b>	<b>-</b>
<b>Balance at 1 January 2012</b>	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)	-	-	-
Dividends paid	(760)	(760)	-	(760)	-	-	-
<b>Balance at 31 December 2012</b>	<b>14,708</b>	<b>14,708</b>	<b>13,956</b>	<b>430</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 corresponding period of the immediately preceding financial year**

	Number of shares ('000)	Share Capital (S\$'000)
<b>As at 1 January 2013</b>	72,320	13,956
Allotment and Issuance of Rights Shares <sup>(1)</sup>	36,160	5,308
<b>As at 31 December 2013</b>	<b>108,480</b>	<b>19,264</b>

**Note:-**

- (1) Pursuant to a renounceable non-underwritten rights issue exercise of 36,160,000 new ordinary shares (“**Rights Shares**”) in the capital of the Company (“**Rights Issue**”), a total of 36,160,000 Right Shares were allotted and issued to the shareholders of the Company on 31 December 2013. Please refer to the Company’s offer information statement dated 5 December 2013 (“**Offer Information Statement**”) for further details.

**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) in the capital of the Company as at 31 December 2013 was 108,480,000 (31 December 2012: 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 FY2013.

**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**

The Group has applied the same accounting policies and methods of computation in the preparation of the current financial reporting period as those applied in the preparation of the audited financial statements for FY2012.

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 2013. 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 FY2013.

**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**

Not applicable.

**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	
	FY2013	FY2012
Net profit after tax attributable to equity holders of the Company (S\$'000)	2,831	384
Weighted average number of ordinary shares ('000)	72,419	72,320
Earning per share - basic/fully diluted (cents)	3.91	0.53

The Company has no dilutive equity instruments as at 31 December 2013.

**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 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
Net asset value (S\$'000)	26,473	18,785	21,630	14,708
Number of ordinary shares ('000)	108,480	72,320	108,480	72,320
Net asset value per share (cents)	24.4	26.0	19.9	20.3

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 increased by S\$6.9 million or 24.2%, from S\$28.7 million in FY2012 to S\$35.6 million in FY2013. The increase was mainly due to (i) revenue contribution of S\$4.3 million from a newly acquired subsidiary, Eden Refrigeration Manufacturing (Jiangsu) Co Ltd ("**ERM**") in FY2013 (the "**ERM Acquisition**"); (ii) increase in revenue from Indonesia, Singapore and Malaysia of S\$1.3 million, S\$1.3 million and S\$0.4 million respectively. This was partially reduced by a decrease in revenue from Australia of S\$0.4 million.

Revenue by Business Segment	← GROUP →				Change +ve/(-ve) %
	FY2013 S\$'000	% Contribution	FY2012 S\$'000	% Contribution	
Residential and commercial (air-conditioning)	6,339	17.8%	6,060	21.1%	4.6
Oil, marine and gas (refrigeration and air-conditioning)	3,231	9.1%	2,175	7.6%	48.6
Commercial and light industrial (refrigeration)	26,064	73.1%	20,449	71.3%	27.5
	<u>35,634</u>	<u>100%</u>	<u>28,684</u>	<u>100%</u>	

Revenue from all of the Group's business segments, namely, the commercial and light industrial (refrigeration) segment, oil, marine and gas (refrigeration and air-conditioning) segment and residential and commercial (air-conditioning) segment increased by S\$5.6 million, S\$1.1 million and S\$0.2 million respectively. The contribution from ERM for the commercial and light industrial (refrigeration) segment, oil, marine and gas (refrigeration and air-conditioning) segment and residential and commercial (air-conditioning) segment was S\$3.7 million, S\$0.5 million and S\$0.1 million respectively. Excluding ERM's contribution, the increase was largely due to a recovery in demand from the Indonesia, Singapore and Malaysia markets as compared to FY2012.

### Gross profit and gross profit margin

Pursuant to the increase in revenue, the Group's gross profit increased by S\$3.5 million or 43.7%, from S\$8.0 million in FY2012 to S\$11.5 million in FY2013. The Group's gross profit margin improved from 28.0% in FY2012 to 32.3% in FY2013 due to the write back of provision for stocks obsolescence of approximately S\$0.6 million. Without the write back, the Group's gross profit margin would have decreased from 32.7% to 30.7% mainly due to increased competition in the Malaysian market, clearance of slow-moving stocks at a discount, and higher depreciation costs.

### **Other operating income**

Other operating income increased from S\$0.7 million in FY2012 to S\$1.0 million in FY2013, mainly due to increases in (i) dividend income from an unquoted investment of S\$0.3 million; and (ii) insurance claims of S\$0.2 million, which was offset by (a) a reduction in royalty and management fee income of S\$0.1 million; and (b) other miscellaneous income of S\$0.1 million.

### **Distribution and selling expenses**

Distribution and selling expenses increased from S\$2.7 million in FY2012 to S\$3.5 million in FY2013 due to (i) consolidation of ERM's distribution and selling expenses of S\$0.5 million pursuant to the ERM acquisition; and (ii) an increase in staff costs of S\$0.3 million due to increased headcount.

### **Administrative expenses**

Administrative expenses increased from S\$5.2 million in FY2012 to S\$5.4 million in FY2013 due to consolidation of ERM's administrative expenses of S\$0.8 million pursuant to the ERM acquisition. This was partially offset by a decrease in provision for doubtful debts of S\$0.6 million.

### **Other operating expenses**

Other operating expenses increased by S\$0.2 million, which was mainly due to foreign exchange losses incurred in FY2013.

### **Finance expenses**

Finance expenses increased by S\$84,000 due to the additional borrowings undertaken by the Group in FY2013.

## **Review of Financial Position**

### **Non-current assets**

Non-current assets increased by S\$12.3 million from S\$7.4 million as at 31 December 2012 to S\$19.7 million as at 31 December 2013.

The increase was due to (i) the consolidation of ERM's assets pursuant to the ERM acquisition, which amounted to S\$11.7 million; (ii) goodwill arising from ERM acquisition of S\$0.2 million; and (iii) the acquisition of other fixed assets, such as plant and machinery, of S\$1.0 million. This was offset by (a) depreciation costs of S\$0.5 million; and (b) deferred tax assets of S\$0.1 million.

### **Current assets**

Current assets increased by S\$7.3 million from S\$21.0 million as at 31 December 2012 to S\$28.3 million as at 31 December 2013.

The increase was due to (i) the consolidation of ERM's assets pursuant to the ERM acquisition, which amounted to S\$5.2 million; and (ii) an increase in cash and bank balances of S\$2.1 million.

### **Current liabilities**

Current liabilities increased by S\$3.9 million from S\$9.3 million as at 31 December 2012 to S\$13.2 million as at 31 December 2013.

The increase was due to (i) the consolidation of ERM's liabilities pursuant to the ERM acquisition of S\$2.9 million; and (ii) an increase in trust receipts payable of S\$1.3 million. This was offset by (a) a decrease in accruals and other liabilities of S\$0.1 million; and (b) a decrease in provision for warranty of S\$0.2 million.

### **Non-current liabilities**

Non-current liabilities increased by S\$5.9 million, from S\$0.1 million as at 31 December 2012 to S\$6.0 million as at 31 December 2013, which was due to (i) additional loans drawn down of S\$7.5 million for the purposes of the ERM acquisition; and (ii) the consolidation of borrowings made by ERM of S\$0.6 million. The increases were partially offset by loan repayments of S\$2.2 million in FY2013.

### **Equity**

Share capital and reserves increased by S\$9.8 million or 51.6%, from S\$19.0 million as at 31 December 2012 to S\$28.8 million as at 31 December 2013, due to the (i) issuance of Rights Shares of S\$5.3 million; (ii) retained profit for FY2013 amounting to S\$2.4 million; and (iii) an increase in non-controlling interests of S\$2.1 million which was mainly contributed by the acquisition of ERM.

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

Net cash generated from operating activities before changes in working capital was S\$3.3 million. Net cash used in working capital amounted to S\$1.7 million. This was mainly due to cash outflows arising from (i) increase in trade debtors of S\$0.4 million; (ii) increase in other receivables of S\$0.5 million; and (iii) increase in deposits and prepayments of S\$0.2 million; (iv) a decrease in trade payables of S\$0.5 million; (v) decrease in other creditors of S\$0.1 million; (vi) a decrease in accruals and other liabilities of S\$0.2 million; and (vii) a decrease in amounts due to affiliated companies of S\$1.5 million. This was partially offset by cash inflows arising from a decrease in inventories of S\$2.2 million. The Group had also paid bank interest of approximately S\$0.2 million and net income tax of approximately S\$0.3 million.

Net cash used in investing activities of S\$10.4 million was due to (i) outflow of S\$8.6 million arising from the ERM acquisition; and (ii) purchase of fixed assets of S\$1.8 million.

Net cash generated from financing activities of S\$11.7 million was due to (i) net proceeds from term loans of S\$8.1 million; (ii) proceeds from the issuance of the Rights Shares of S\$5.3 million; and (iii) drawdown trust receipts of S\$1.3 million. These were offset by (a) loan repayments of S\$2.4 million; (b) dividends paid in respect of FY2012 of S\$0.4 million; (c) repayment of finance lease obligations of S\$0.1 million; and (d) fixed deposits pledged of S\$0.1 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**

Barring unforeseen circumstances, the Directors expect the Group's newly-acquired subsidiary, ERM, to contribute positively to the Group's financial performance. Whilst the Group is beginning to see an increase in project enquiries in most of the key markets in which the Group operates, our Directors remain cautious on the back of an expected increase in interest rates, financing costs and staff costs for FY2014. The depreciating Malaysian Ringgit is also expected to exert downward margin pressures on the Group's operations in Malaysia.

Despite these concerns, the Group will continue to tap on the growth potential of our main markets while looking to further penetrate into the other regional markets.

**11. Dividend**

**(a) Current Financial Period Reported on 31 December 2013**

**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.

<b>Name of dividend</b>	<b>Recommended final dividend for FY2013</b>
Dividend type	Ordinary
Dividend rate	S\$0.0057 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 16 May 2013.

<b>Name of dividend</b>	<b>Final dividend for financial year ended 31 December 2012</b>
Dividend type	Ordinary
Dividend rate	S\$0.0054 tax exempt (one-tier) per ordinary share
Tax rate	Tax exempt (one-tier)
Date paid	28 May 2013
Date declared	30 April 2013

**(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 from the Rights Issue**

As at the date of this announcement, the Group has utilised approximately S\$3.4 million of the net Right Issue proceeds of S\$5.3 million, as set out in the table below:

	<b>Allocation of Net Proceeds S\$'000</b>	<b>Amount Utilised S\$'000</b>
Last Tranche Payment for the ERM acquisition	3,400	3,400
General working capital and new acquisitions	1,900	-
<b>Total</b>	<b>5,300</b>	<b>3,400</b>

**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**

	<b>As at 31 December 2013 S\$'000</b>	<b>As at 31 December 2012 S\$'000</b>
Singapore	4,938	4,862
Malaysia	2,768	2,172
China	11,679	-
Hong Kong	54	22
	<u>19,439</u>	<u>7,056</u>

Non-current assets information presented above consist of fixed assets, land use right, intangible assets and other receivables. The increase in non-current assets in China was attributable to the ERM Acquisition.

**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 →		Increase/ (Decrease)
	FY2013 S\$'000	FY2012 S\$'000	%
(a) Sales reported for first half year	15,268	13,810	10.6
(b) Operating profit after tax before deducting minority interests reported for the first half year	1,566	349	348.7
(c) Sales reported for second half year	20,366	14,874	36.9
(d) Operating profit after tax before deducting minority interests reported for the second half year	1,258	36	3,394.4

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

	FY2013 S\$'000	FY2012 S\$'000
Ordinary	1,009 <sup>(1)</sup>	760 <sup>(2)</sup>
Preference	-	-
Total	1,009	760

**Notes:-**

- (1) Relates to (i) dividends of S\$390,528 declared in respect of FY2012 and fully paid in FY2013 following approval by shareholders at the Company's Annual General Meeting held on 30 April 2013; and (ii) the proposed final dividend of S\$618,336 in respect of FY2013 which is subject to shareholders' approval at the forthcoming Annual General Meeting to be convened.
- (2) Relates to dividends declared in respect of FY2011 and fully paid in FY2012 following approval by shareholders at the Company's Annual General Meeting held on 27 April 2012.



## 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 transactions less than \$100,000)	
	FY2013 S\$'000	FY2012 S\$'000	FY2013 S\$'000	FY2012 S\$'000
Purchase from Shanghai Eden Refrigeration Co Ltd	Nil	Nil	Nil	108
Sales to Shanghai Eden Refrigeration Manufacturing Co Ltd	Nil	Nil	Nil	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 the Director or substantial shareholders of the Company.

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

Loh Mun Yew  
CEO and Executive Director

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

27 February 2014