NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Q1 FY2014 Financial Statement and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE PERIOD ENDED 31 MARCH 2014

STATEMENT OF COMPREHENSIVE INCOME	Q1 FY2014 $'000	Q1 FY2013 $'000	Change %
Revenue	14,421	12,207	18
Cost of Sales	(9,630)	(8,046)	20
Gross profit	**4,791**	**4,161**	15
Interest Income	6	9	(33)
Finance Costs	(131)	(203)	(35)
Marketing and Distribution costs	(210)	(159)	32
Administrative Expenses	(3,495)	(3,191)	10
Other Credits / (Charges)	35	282	(88)
Profit Before Tax from Continuing Operations	**996**	**899**	11
Income Tax Expense	(95)	(47)	102
Profit from Continuing Operations, Net of Tax	**901**	**852**	6
Other comprehensive income:			
Items that may be reclassified subsequently to Profit or Loss:			
Available-for-sale Financial Assets - Fair value changes arising during the period	(1,523)	-	nm
Exchange Differences on Translating Foreign Operations, Net of Tax	(14)	(8)	75
Other Comprehensive Income, Net of Tax	**(1,537)**	**(8)**	nm
Total Comprehensive Income	**(636)**	**844**	(175)
Profit Attributable to:			
Owners of the Parent, Net of Tax	901	852	6
Non-Controlling Interests, Net of Tax	-	-	nm
Profit Net of Tax	**901**	**852**	6
Total Comprehensive Income Attributable to:			
Owners of the Parent	(636)	844	(175)
Non-Controlling Interests	-	-	nm
Total Comprehensive Income	**(636)**	**844**	(175)

nm: not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

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

		Q1 FY2014 $'000	Q1 FY2013 $'000	Change %
1	Interest income	6	9	(33)
2	Interest on borrowings	(131)	(203)	(35)
3	Depreciation and amortisation	(686)	(674)	2
4	Foreign exchange (loss)/gain	(164)	226	(173)

nm: not meaningful

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Group		Company	
	31/03/2014 S$'000	31/12/2013 S$'000	31/03/2014 S$'000	31/12/2013 S$'000
Assets				
Current assets				
Inventories	7,516	7,820	-	-
Trade and Other Receivables	24,448	27,728	13,058	15,471
Other Assets	741	1,311	-	-
Cash and Cash Equivalents	13,413	14,852	4,845	8,483
Total current assets	46,118	51,711	17,903	23,954
Non-current assets				
Property, Plant and Equipment	14,022	14,033	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Other Financial Assets[(1)]	7,500	-	7,500	-
Intangible asset	475	570	-	-
Goodwill	12,292	12,292	-	-
Total non-current assets	34,289	26,895	8,850	1,350
Total assets	80,407	78,606	26,753	25,304
Liabilities and Equity				
Current liabilities				
Income Tax Payable	857	884	6	6
Trade and Other Payables	8,358	9,713	3,372	453
Other Financial Liabilities	21,972	19,344	-	-
Total current liabilities	31,187	29,941	3,378	459
Non-current liabilities				
Other Financial Liabilities	3,406	2,195	-	-
Deferred Tax Liabilities	260	280	-	-
Total non-current liabilities	3,666	2,475	-	-
Shareholders' equity				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	24,239	23,338	2,459	2,406
Other Reserves	(1,124)	413	(1,523)	-
Total equity	45,554	46,190	23,375	24,845
Total liabilities and equity	80,407	78,606	26,753	25,304

(1) Being available-for-sale financial assets of 7.76% interest in PSL Holdings Limited.

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

Amount repayable in one year or less, or on demand

As at 31 March 2014		As at 31 December 2013	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
412	21,560	8,755	10,589

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
1,970	1,436	2,075	120

Details of any collateral

1. Mortgage charge on the motor vehicles for finance lease liabilities

2. Borrowings drawn down in relation to the acquisition of the leasehold property are secured against mortgage on the property.

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

COMBINED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2014

	Q1 FY2014 $'000	Q1 FY2013 $'000
Cash flows from operating activities:		
Profit before tax	996	899
Adjustments for:		
Depreciation expense	591	579
Amortization of intangible assets	95	95
Interest income	(6)	(9)
Interest expense	131	203
Unrealised foreign exchange loss/(gain)	96	(216)
Operating cash flows before changes in working capital	1,903	1,551
Trade and other receivables	3,280	(352)
Other assets	570	(132)
Inventories	304	1,201
Trade and other payables	(1,355)	(536)
Cash generated from operations	4,702	1,732
Income tax paid	(142)	(232)
Net cash generated from operating activities	4,560	1,500
Cash flows from investing activities:		
Acquisition of subsidiaries	-	(3,064)
Purchase of property, plant and equipment	(580)	(1,046)
Other financial assets[(1)]	(9,023)	-
Interest received	6	9
Net cash used in investing activities	(9,597)	(4,101)
Cash flows from financing activities:		
Other financial liabilities	3,848	(2,049)
Decrease in finance leases	(9)	(6)
Interest paid	(131)	(203)
Net cash generated from / (used in) financing activities	3,708	(2,258)
Net decrease in cash	(1,329)	(4,859)
Effect of Foreign Exchange Rate Adjustments	(110)	11
Cash balance at beginning of period	14,852	23,965
Cash at end of period	13,413	19,117

(1) Being acquisition of 7.76% interest in PSL Holdings Limited.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company					
	Issued Capital $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Other Reserves $'000	Fair Value Reserves $'000	Total equity $'000
Group - Q1						
Balance at 1 January 2014	22,439	217	23,338	196	-	46,190
Total comprehensive income for the period	-	(14)	901	-	(1,523)	(636)
Balance at 31 March 2014	22,439	203	24,239	196	(1,523)	45,554
Balance at 1 January 2013	22,439	(168)	18,236	196	-	40,703
Total comprehensive income for the period	-	(8)	852	-	-	844
Balance at 31 March 2013	22,439	(176)	19,088	196	-	41,547

	Issued Capital $'000	Retained Earnings $'000	Fair Value Reserves $'000	Total equity $'000
Company - Q1				
Balance at 1 January 2014	22,439	2,406	-	24,845
Total comprehensive income for the period	-	53	(1,523)	(1,470)
Balance at 31 March 2014	22,439	2,459	(1,523)	23,375
Balance at 1 January 2013	22,439	3,278	-	25,717
Total comprehensive income for the period	-	69	-	69
Balance at 31 March 2013	22,439	3,347	-	25,786

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, 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

Not applicable.

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

The share capital of the Company as at the end of the period was 400,000,000 ordinary shares (31 December 2013: 400,000,000 ordinary shares).

As at 31 March 2014, the Company does not hold any treasury shares.

1(d)(iv) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The unaudited financial statements have been prepared by applying policies and methods of computation consistent with those used in the preparation of the most recently audited financial statements.

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

There were no changes in accounting policies and methods of computation used in the preparation of the financial information in this announcement.

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

	Q1 FY2014	Q1 FY2013
The Group		
Net profit after tax attributable to equity holders of the Company ($'000)	901	852
Number of ordinary shares ('000)	400,000	400,000
Earnings per share - basic/fully diluted (cents)	0.2	0.2

The Company had no dilutive equity instruments as at 31 March 2014.

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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset value ($'000)	45,554	46,190	23,375	24,845
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	11.4	11.5	5.8	6.2

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of performance for quarter ended 31 March 2014 ("1Q2014")

Revenue

Our revenue increased by approximately $2.2 million or 18.0%, from approximately $12.2 million in 1Q2013 to approximately $14.4 million in 1Q2014. The increase was due to higher revenue from all the business segments.

Business Segment	1Q2014	1Q2013	Change	Change (%)
Systems Integration	$5.0m	$3.7m	$1.3m	35.1
MRO & Trading	$0.6m	$0.5m	$0.1m	20.0
Precision Engineering	$2.5m	$2.3m	$0.2m	8.7
Scaffolding Services	$6.3m	$5.7m	$0.6m	10.5
Total	**$14.4m**	**$12.2m**	**$2.2m**	**18.0**

Gross profit and gross profit margin

Gross profit for 1Q2014 increased approximately $0.6 million or 15.1% from $4.2 million in 1Q2013 to $4.8 million in 1Q2014 while gross profit margin decreased from 34.1% in 1Q2013 to 33.2% in 1Q2014.

Gross profit for 1Q2014 is higher than 1Q2013 mainly due to higher gross profits from the Scaffolding Services business segment for the quarter under review.

Interest expense

Interest expense decreased approximately $72,000 or 35.5%, from approximately $203,000 in 1Q2013 to approximately $131,000 in 1Q2014. This is mainly due to lower interest incurred on lower principal outstanding for the Multiheights acquisition loan.

Administrative expenses

Administrative expenses increased approximately $0.3 million or 9.5% from $3.2 million in 1Q2013 to $3.5 million in 1Q2014. These were due to higher administrative expenses incurred by the Scaffolding Services segment of approximately $0.2 million as a result of rising costs of operations.

Other credits / (charges)

Other credits of approximately $35,000 were recorded in 1Q2014, arising from government grants received of approximately $178,000, partially offset by foreign exchange losses of approximately $164,000.

Statement of Financial Position Review (as at 31 March 2014 compared to 31 December 2013)

Non-current assets
Non-current assets increased approximately $7.4 million or 27.5%, from $26.9 million as at 31 December 2013 to $34.3 million as at 31 March 2014. The increase was mainly due to acquisition of 7.76% interest in PSL Holdings Limited for $9.0 million.

Current assets
Current assets decreased approximately $5.6 million or 10.8%, from approximately $51.7 million as at 31 December 2013 to approximately $46.1 million as at 31 March 2014. The decrease was mainly due to drop in (i) trade and other receivables of approximately $3.3 million and (ii) cash and cash equivalents of approximately $1.4 million.

Current liabilities
Current liabilities increased approximately $1.2 million or 4.1%, from approximately $29.9 million as at 31 December 2013 to approximately $31.2 million as at 31 March 2014. The increase was mainly due to increase in utilization of short term bank borrowings during the period under review.

Non-current liabilities
Non-current liabilities increased by approximately $1.2 million or 48.5%, from approximately $2.5 million as at 31 December 2013 to approximately $3.7 million as at 31 March 2014. The increase was mainly due to re-financing of an existing term loan for a longer repayment period.

Equity
Our capital and reserves decreased by approximately $0.6 million or 1.4% from $46.2 million as at 31 December 2013 to $45.6 million as at 31 March 2014 mainly due to fair value changes arising during the period under review on available-for-sale financial assets recorded through fair value reserves, partially offset by retention of net profit for 1Q2014.

Statement of Cash Flows Review

1Q2014

We continued to maintain a healthy cash position with approximately $13.4 million in cash and bank balances as at the end of 1Q2014.

In 1Q2014, net cash used in operating activities amounted to approximately $4.6 million compared approximately $1.5 million generated in the corresponding period in FY2013. We generated net cash of approximately $1.9 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately $2.8 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately $3.3 million. Our operating cash flow from operations was reduced by income taxes payment of approximately $142,000.

Net cash of approximately $9.6 million was used in investing activities for acquisition of 7.76% interest in PSL Holdings Limited.

Net cash of approximately $3.7 million comes from financing activities. This was mainly due to net increase in bank borrowings of approximately $3.8 million.

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

No profit forecast or profit guarantee has been issued for the year under review.

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

Currently, our Group has outstanding orders amounting to approximately $36.4 million. The deliveries for these orders will spread within the next 24 months and as such, we expect to derive sustained revenue streams from these orders up to FY2015. These confirmed orders are however, subjected to possible cancellation, deferral, rescheduling or variations by customers.

Our Systems Integration and MRO Trading business segments maintain a strong order book. The business continues to roll out its research and development plans to further enhance our solutions and products, as well as continue to actively explore new business opportunities and possible acquisitions to further expand our service and product offerings.

Our Precision Engineering segment continues to maintain steady revenue growth. The business engages in continuous process improvements in order to better the margins generated.

Despite operating in a challenging environment faced with rising cost and tight labour resources, our Scaffolding Services segment continues to generate steady revenue and margins. The business will continue its efforts to implement productivity initiatives and better utilize its resources in order to maintain the performance.

The Group remains positive over the long term prospects in the marine, offshore oil & gas industries and petrochemical sectors.

11. Dividend

(a) Current Financial Period Reported on 31 March 2014

(i) Any dividend declared for the current financial period reported on? No.

(ii) Any dividend recommended for the current financial period reported on? No.

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Name Of Dividend	NA
Dividend Type	NA
Dividend Amount Per Share	NA
Tax Rate	NA

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2014.

13. Interested Person Transactions

The Company has not obtained a general mandate from shareholders for interested person transactions. The Company did not have any interested person transactions during the period under review (excluding transactions less than $100,000).

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
14 MAY 2014