



**NORDIC**  
Group Limited

**NORDIC GROUP LIMITED**

(Company Registration Number: 201007399N)

**Full Year Financial Statements and Related Announcement for the Year Ended 31 December 2018**

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

**1(a) An income statement and 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 YEAR ENDED 31 DECEMBER 2018**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4Q2018	4Q2017	Change	12M2018	12M2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	21,525	20,753	4	91,694	91,537	<1
Cost of sales	(17,892)	(13,546)	32	(68,368)	(61,097)	12
<b>Gross profit</b>	<b>3,633</b>	<b>7,207</b>	(50)	<b>23,326</b>	<b>30,440</b>	(23)
Interest income	101	46	120	367	163	125
Distribution costs	(173)	(90)	92	(687)	(431)	59
Administrative expenses	(3,781)	(2,946)	28	(12,326)	(11,284)	9
Finance costs	(374)	(313)	19	(1,485)	(1,229)	21
Other gains / (losses)	719	(185)	nm	2,961	(925)	nm
<b>Profit before tax from continuing operations</b>	<b>125</b>	<b>3,719</b>	(97)	<b>12,156</b>	<b>16,734</b>	(27)
Income tax expense	93	628	(85)	(831)	(1,468)	(43)
<b>Profit for the year</b>	<b>218</b>	<b>4,347</b>	(95)	<b>11,325</b>	<b>15,266</b>	(26)
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations, net of tax	(3)	37	nm	(190)	8	nm
<b>Total comprehensive income for the year</b>	<b>215</b>	<b>4,384</b>	(95)	<b>11,135</b>	<b>15,274</b>	(27)
<b>Profit attributable to owners of the parent</b>	<b>218</b>	<b>4,347</b>	<b>(95)</b>	<b>11,325</b>	<b>15,266</b>	<b>(26)</b>
Total comprehensive income attributable to owners of the parent	215	4,384	(95)	11,135	15,274	(27)

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 profit or loss for the financial period is derived after (charging)/crediting:

		4Q2018 \$'000	4Q2017 \$'000	Change %	12M2018 \$'000	12M2017 \$'000	Change %
1	Interest income	101	46	120	367	163	125
2	Interest on borrowings	(374)	(313)	19	(1,485)	(1,229)	21
3	Depreciation	(816)	(651)	25	(2,771)	(2,915)	(5)
4	Foreign exchange (loss)/gain	(192)	(415)	(54)	272	(1,568)	nm
5	(Loss)/gain on disposal of plant and equipment	(3)	(78)	(96)	481	(84)	nm
6	Allowance for impairment of trade debts	(23)	-	nm	(23)	(20)	15
7	Other income	107	236	(55)	534	321	66
8	Transaction cost for Ensure acquisition	-	(34)	(100)	-	(34)	(100)
9	Reversal/(allowance) for impairment of inventories	(97)	60	nm	(97)	60	nm
10	Reversal of other payables to Vendors of Ensure	927	-	nm	1,567	-	nm
11	Government grant income	-	17	(100)	227	366	(38)

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**

	Group		Company	
	31/12/2018 S\$'000	31/12/2017 S\$'000	31/12/2018 \$'000	31/12/2017 S\$'000
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	30,266	22,716	6,511	-
Investment in subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
<b>Total non-current assets</b>	<b>59,818</b>	<b>52,268</b>	<b>7,861</b>	<b>1,350</b>
<b><u>Current assets</u></b>				
Asset held-for-sale	8,076	13,419	-	-
Inventories	10,095	13,287	-	3,614
Trade and other receivables	23,015	22,141	12,264	11,312
Other assets	11,624	9,903	641	315
Cash and cash equivalents	39,232	40,291	20,092	12,698
<b>Total current assets</b>	<b>92,042</b>	<b>99,041</b>	<b>32,997</b>	<b>27,939</b>
<b>Total assets</b>	<b>151,860</b>	<b>151,309</b>	<b>40,858</b>	<b>29,289</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(1,567)	(1,303)	(1,567)	(1,303)
Retained earnings	59,795	54,963	8,989	7,096
Other reserves	325	515	-	-
<b>Total equity</b>	<b>80,992</b>	<b>76,614</b>	<b>29,861</b>	<b>28,232</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	3,014	3,098	-	-
Other financial liabilities	5,815	7,974	-	-
Other payables	3,994	5,701	-	-
<b>Total non-current liabilities</b>	<b>12,823</b>	<b>16,773</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Liabilities held for sale under FRS 105	8,403	12,245	-	-
Income tax payable	1,016	1,430	75	95
Trade and other payables	13,488	16,798	1,322	962
Other financial liabilities-current	34,988	26,951	9,600	-
Other liabilities	150	498	-	-
<b>Total current liabilities</b>	<b>58,045</b>	<b>57,922</b>	<b>10,997</b>	<b>1,057</b>
<b>Total liabilities</b>	<b>70,868</b>	<b>74,695</b>	<b>10,997</b>	<b>1,057</b>
<b>Total equity and liabilities</b>	<b>151,860</b>	<b>151,309</b>	<b>40,858</b>	<b>29,289</b>

#### 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 December 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
26,634	16,757	21,404	17,792

##### Amount repayable after one year

As at 31 December 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,815	-	7,974	-

##### Details of any collateral

The borrowings are secured over:

1. Mortgage on the motor vehicles of certain subsidiaries for finance lease liabilities
2. Borrowings drawdown for working capital are secured against mortgage on leasehold properties owned by Ensure Engineering Pte. Ltd. and Austin Energy Offshore Pte. Ltd. and Nordic Group Limited.

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

	4Q2018 \$'000	4Q2017 \$'000	12M2018 \$'000	12M2017 \$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	125	3,719	12,156	16,734
Adjustments for:				
Depreciation expense	816	651	2,771	2,915
Loss / (gain) on disposal of plant and equipment	3	78	(481)	84
Interest income	(101)	(46)	(367)	(163)
Interest expense	374	313	1,485	1,229
Unrealised foreign exchange loss/(gain)	125	261	(424)	629
Operating cash flows before changes in working capital	1,342	4,976	15,140	21,428
Inventories	(197)	(792)	3,192	(4,687)
Trade and other receivables	1,198	4,803	(874)	950
Other assets	3,024	(1,328)	(1,721)	2,362
Trade and other payables	275	(3,138)	(5,016)	(2,481)
Other liabilities	141	211	(348)	(655)
Cash generated from operations	5,783	4,732	10,373	16,917
Income tax refund/(paid)	138	(11)	(1,330)	(1,888)
<b>Net cash generated from operating activities</b>	<b>5,921</b>	<b>4,721</b>	<b>9,043</b>	<b>15,029</b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries	-	353	-	9,177
Purchase of property, plant and equipment	(2,166)	(910)	(10,389)	(2,076)
Proceeds from disposal of property, plant and equipment	19	22	5,980	131
Interest received	101	46	367	163
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,046)</b>	<b>(489)</b>	<b>(4,042)</b>	<b>7,395</b>
<b>Cash flows from financing activities:</b>				
Other financial liabilities	434	(8,454)	(7,806)	(18,790)
Increase from new borrowings	-	7,000	10,000	12,000
Decrease in finance leases	(235)	(40)	(405)	(133)
Dividends paid	-	-	(6,493)	(5,440)
Purchase of treasury shares	(128)	-	(264)	(24)
Interest paid	(374)	(313)	(1,485)	(1,229)
<b>Net cash used in financing activities</b>	<b>(303)</b>	<b>(1,807)</b>	<b>(6,453)</b>	<b>(13,616)</b>
<b>Net increase / (decrease) in cash</b>	<b>3,572</b>	<b>2,425</b>	<b>(1,452)</b>	<b>8,808</b>
<b>Effect of foreign exchange rate adjustments</b>	<b>(88)</b>	<b>(595)</b>	<b>393</b>	<b>(842)</b>
<b>Cash balance at beginning of period</b>	<b>35,748</b>	<b>38,461</b>	<b>40,291</b>	<b>32,325</b>
<b>Cash at end of period</b>	<b>39,232</b>	<b>40,291</b>	<b>39,232</b>	<b>40,291</b>

**Non cash transactions:**

There were acquisitions of certain assets under property, plant and equipment with a total cost of \$246,000 by means of finance leases in 12M2018 (12M2017: \$204,000).

	<u>Pre acquisition book value under FRS</u> \$'000	<u>Provisional fair value</u> \$'000
<u>2017: Ensure</u>		
Property, plant and equipment	19,703	19,703
Inventories	706	706
Trade and other receivables	2,941	2,941
Other assets	223	223
Cash and cash equivalents	14,604	14,604
Trade and other payables	(1,291)	(1,291)
Other financial liabilities	(25,802)	(25,802)
Income tax payables	5	5
Deferred tax liabilities	(1,865)	(1,865)
Net identifiable assets	9,224	9,224
Goodwill arising on consolidation		7,101
Purchase consideration		16,325
Amount payable to vendor of the acquired subsidiaries		(10,898)
Cash of subsidiaries acquired		(14,604)
Net cash flow from acquisition of subsidiaries		(9,177)

On 28 April 2017, the Group acquired 100% of the share capital in Ensure Engineering Pte Ltd ("Ensure") and from that date, the Group gained control of Ensure. The transaction was accounted for by the acquisition method of accounting. The fair values of identifiable assets acquired and liabilities assumed shown above for Ensure are provisional as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations expired on 28 April 2018.

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

	Attributable to shareholders of the company					Total equity
	Issued capital	Foreign currency translation reserve	Retained earnings	Statutory reserves	Treasury shares	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Group - Q4</b>						
<u>Balance at 1 October 2018</u>	22,439	93	59,577	235	(1,439)	80,905
Total comprehensive income for the period	-	(3)	218	-	-	215
Purchase of treasury shares	-	-	-	-	(128)	(128)
<b>Balance at 31 December 2018</b>	22,439	90	59,795	235	(1,567)	80,992
<b>Group - Q4</b>						
<u>Balance at 1 October 2017</u>	22,439	243	50,616	235	(1,303)	72,230
Total comprehensive income for the period	-	37	4,347	-	-	4,384
<b>Balance at 31 December 2017</b>	22,439	280	54,963	235	(1,303)	76,614
<b>Group - FY2018</b>						
<u>Balance at 1 January 2018</u>	22,439	280	54,963	235	(1,303)	76,614
Total comprehensive income for the period	-	(190)	11,325	-	-	11,135
Dividend paid	-	-	(6,493)	-	-	(6,493)
Purchase of treasury shares	-	-	-	-	(264)	(264)
<b>Balance at 31 December 2018</b>	22,439	90	59,795	235	(1,567)	80,992
<b>Group - FY2017</b>						
<u>Balance at 1 January 2017</u>	22,439	272	45,137	235	(1,279)	66,804
Total comprehensive income for the period	-	8	15,266	-	-	15,274
Dividend paid	-	-	(5,440)	-	-	(5,440)
Purchase of treasury shares	-	-	-	-	(24)	(24)
<b>Balance at 31 December 2017</b>	22,439	280	54,963	235	(1,303)	76,614

	Issued capital	Retained earnings	Treasury shares	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company - Q4</b>				
<u>Balance at 1 October 2018</u>	22,439	8,870	(1,439)	29,870
Total comprehensive income for the period	-	119	-	119
Purchase of treasury shares	-	-	(128)	(128)
<b>Balance at 31 December 2018</b>	22,439	8,989	(1,567)	29,861
<b>Company - Q4</b>				
<u>Balance at 1 October 2017</u>	22,439	7,186	(1,303)	28,322
Total comprehensive income for the period	-	(90)	-	(90)
<b>Balance at 31 December 2017</b>	22,439	7,096	(1,303)	28,232
<b>Company- 12 months</b>				
<u>Balance at 1 January 2018</u>	22,439	7,096	(1,303)	28,232
Total comprehensive income for the period	-	8,386	-	8,386
Dividend paid	-	(6,493)	-	(6,493)
Purchase of treasury shares	-	-	(264)	(264)
<b>Balance at 31 December 2018</b>	22,439	8,989	(1,567)	29,861
<b>Company - 12 months</b>				
<u>Balance at 1 January 2017</u>	22,439	6,275	(1,279)	27,435
Total comprehensive income for the period	-	6,261	-	6,261
Purchase of treasury shares	-	-	(24)	(24)
Dividends paid	-	(5,440)	-	(5,440)
<b>Balance at 31 December 2017</b>	22,439	7,096	(1,303)	28,232

**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**

	4Q2018		3Q2018	
Issued and paid up capital	No. of shares	S\$'000	No. of shares	S\$'000
As at beginning of period	392,836,600	21,000	393,044,900	21,097
Less: Treasury shares bought during the period	(317,500)	(128)	(208,300)	(97)
<b>Total issued share capital excluding treasury shares as at end of period</b>	392,519,100	20,872	392,836,600	21,000

The company had no convertibles as at the end of the current financial period and as at the end of the corresponding period for the immediately preceding financial year.



**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 total number of issued share capital of the Company, excluding treasury shares as at the end of the period was 392,519,100 ordinary shares (31 December 2017: 393,112,900 ordinary shares).

As at 31 December 2018, the Company holds 7,480,900 treasury shares (31 December 2017: 6,887,100 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**

Except for the purchase of 317,500 treasury shares during the quarter under review, there was no sales, transfer, disposals, cancellations and/or use of treasury shares at the end of the current financial period reported on.

**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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2017.

**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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). There is no significant difference from the adoption of the new SFRS(I) except for a reclassification of unbilled receivables from trade and other receivables to other assets as at 31 December 2017. The amount is \$4,807,000.

**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**

	4Q2018	4Q2017	FY2018	FY2017
<b><u>The Group</u></b>				
Net profit after tax attributable to equity holders of the Company (\$'000)	218	4,347	11,325	15,266
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	392,731	393,113	392,967	393,140
Earnings per share - basic/fully diluted (cents)	0.1	1.1	2.9	3.9

The Company had no dilutive equity instruments during the respective financial periods.

**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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net asset value (\$'000)	80,992	76,614	29,861	28,232
Number of ordinary shares (excluding Treasury Shares) ('000)	392,519	393,113	392,519	393,113
Net asset value per share (cents)	20.6	19.5	7.6	7.2

**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 December 2018 ("4Q2018")**

**Revenue**

The Group's revenue increased by approximately \$0.8 million or 4%, from approximately \$20.8 million in 4Q2017 to approximately \$21.5 million in 4Q2018. The increase was mainly due to higher revenue from the Project Services segment. This increase was offset by a decrease in Maintenance Services segment in 4Q2018.

Business Segment	4Q2018	4Q2017	Change	Change
	\$'000	\$'000	\$'000	%
Project Services	10,992	9,588	1,404	15
Maintenance Services	10,533	11,165	(632)	(6)
<b>Total</b>	<b>21,525</b>	<b>20,753</b>	<b>772</b>	<b>4</b>

## Gross profit and gross profit margin

Gross profit for 4Q2018 decreased by approximately \$3.6 million or 50% from \$7.2 million in 4Q2017 to \$3.6 million in 4Q2018. Gross profit margin decreased from 34.7% in 4Q2017 to 16.9% in 4Q2018. The decrease was due to specific projects of lower margins during the quarter.

## Distribution costs

Distribution costs increased approximately \$83,000 or 92% from approximately \$90,000 in 4Q2017 to \$173,000 in 4Q2018, mainly due to higher marketing cost.

## Administrative expenses

Administrative expenses increased approximately \$0.8 million or 28% from \$2.9 million in 4Q2017 to \$3.8 million in 4Q2018. This was mainly due to one-off event for right sizing our system integration division and higher staff related expenses.

## Finance costs

Interest expense increased approximately \$61,000 or 19% from \$0.3 million in 4Q2017 to \$0.4 million in 4Q2018 mainly due to increased borrowings and higher rates of interest.

## Other gains and losses

For 4Q2018, other gains of approximately \$0.7 million were recorded. This gains arose mainly from reversal of other payables to Vendors of Ensure of approximately \$0.9 million which was no longer payable and other income of \$0.1 million. The gains were offset by foreign exchange loss of approximately \$0.2 million due to the weakening of United States Dollar against the Singapore Dollar and allowance for impairment of inventories of \$0.1 million.

For 4Q2017, other losses of approximately \$0.2 million were recorded, arising mainly from foreign exchange losses of approximately \$0.4 million due to the weakening of United States Dollar against the Singapore Dollar. This increase was offset by other income of \$0.2 million.

## Income tax expenses

Income tax credits of \$0.1 million in 4Q2018 and \$0.6 million in 4Q2017 were due to overprovision of tax expense in previous years and higher productivity and innovative claims.

## Review of performance for the twelve months ended 31 December 2018 ("12M2018")

### Revenue

The Group's revenue increased modestly by \$0.2 million from approximately \$91.5 million in 12M2017 to approximately \$91.7 million in 12M2018. The increase was mainly due to increase in Maintenance Services revenue and Others segments (sale of carbon allowances). The increase was offset by a decrease in Project Services due to less projects in 12M2018.

Business Segment	12M2018	12M2017	Change	Change
	\$'000	\$'000	\$'000	%
Project Services	50,089	53,486	(3,397)	(6)
Maintenance Services	37,818	36,664	1,154	3
Others	3,787	1,387	2,400	173
<b>Total</b>	<b>91,694</b>	<b>91,537</b>	<b>157</b>	<b>&lt;1</b>

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

Gross profit for 12M2018 decreased approximately \$7.1 million or 23% from \$30.4 million in 12M2017 to \$23.3 million in 12M2018. Similarly, gross profit margin decreased from 33.3% in 12M2017 to 25.4% in 12M2018. The decrease was due to specific projects of lower margins during the year.

### **Distribution costs**

Distribution costs increased approximately \$0.3 million or 59% from approximately \$0.4 million in 12M2017 to \$0.7 million in 12M2018, mainly due to higher marketing costs incurred.

### **Administrative expenses**

Administrative expenses increased approximately \$1.0 million or 9% from \$11.3 million in 12M2017 to \$12.3 million in 12M2018. This was mainly due to one-off event for right sizing our system integration division and higher administrative expenses contributed by Ensure.

### **Finance costs**

Interest expense increased approximately \$0.3 million or 21%, from approximately \$1.2 million in 12M2017 to approximately \$1.5 million in 12M2018 mainly due to increased borrowings and higher rate of interest.

### **Other gains and losses**

For 12M2018, other gains of approximately \$3.0 million were recorded. This gains arose mainly from reversal of other payables to Vendors of Ensure of approximately \$1.6 million which was no longer payable, foreign exchange gain of approximately \$0.3 million, government grant income of approximately \$0.2 million, other income of approximately \$0.5 million and gain on disposal of plant and equipment of \$0.5 million.

For 12M2017, other losses of approximately \$0.9 million were recorded, arising mainly from foreign exchange loss of approximately \$1.6 million. This loss was offset by government grant income of approximately \$0.4 million and other income of approximately \$0.3 million.

### **Income tax expenses**

Income tax expense decreased approximately \$0.6 million, or 43% from approximately \$1.5 million in 12M2017 to \$0.8 million in 12M2018 due to higher merger & acquisition allowances and over provision in previous years written back in 12M2018.

### **Statement of Financial Position Review (as at 31 December 2018 compared to 31 December 2017)**

#### **Non-current assets**

Non-current assets increased approximately \$7.5 million or 14% from approximately \$52.2 million as at 31 December 2017 to approximately \$59.8 million as at 31 December 2018. The increase was mainly due to the acquisition of our property at 2 Tuas Ave 10 and scaffold materials of approximately \$11.2 million. This increase was offset by the disposal of 2 properties with net book value of approximately \$5.3 million and depreciation charge for the period under review.

## **Current assets**

Current assets decreased approximately \$6.9 million or 7%, from approximately \$99.0 million as at 31 December 2017 to approximately \$92.0 million as at 31 December 2018. The decrease was mainly due to decrease in asset held-for-sale of approximately \$5.3 million with the sale of our properties at 42 Tech Park Crescent and 5 Kwong Min Road, decrease in inventories \$3.2 million due to sale of carbon allowances, decrease in trade and other receivables of approximately \$0.9 million, decrease in cash and cash equivalents of approximately \$1.1 million. These decreases were offset by increases in other assets of approximately \$1.7 million.

## **Current liabilities**

Current liabilities increased approximately \$0.1 million, from approximately \$57.9 million as at 31 December 2017 to approximately \$58.0 million as at 31 December 2018 mainly due to an increase in financial liabilities of approximately \$8.0 million from the drawdown of the loan to pay for our property at 2 Tuas Ave 10. This increase was offset by a decrease in liabilities held for sale under FRS105 of approximately \$3.8 million, decrease in income tax payable of approximately \$0.4 million, decrease in trade and other payables of approximately \$3.3 million and decrease in other liabilities of approximately \$0.3 million.

## **Non-current liabilities**

Non-current liabilities decreased by approximately \$4.0 million or 24%, from approximately \$16.8 million as at 31 December 2017 to approximately \$12.8 million as at 31 December 2018 mainly due to the repayment of financial liabilities of approximately \$2.2 million and decrease of other payables of approximately \$1.7 million.

## **Equity**

Our capital and reserves increased by approximately \$4.4 million or 6% from \$76.6 million as at 31 December 2017 to \$81.0 million as at 31 December 2018 mainly due to the retention of net profit from 12M2018 of approximately \$11.3 million offset by dividend payment of \$6.5 million.

## **Statement of Cash Flows Review**

### **4Q2018**

We continued to maintain a healthy cash position with approximately \$39.2 million in cash and bank balances as at the end of 4Q2018.

In 4Q2018, net cash generated from operating activities amounted to approximately \$5.9 million compared with approximately \$4.7 million generated in 4Q2017. We generated net cash of approximately \$1.3 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$4.4 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately \$1.2 million, decrease other assets of approximately \$3.0 million, increase in trade and other payables of approximately \$0.3 million and increase in other liabilities of approximately \$0.1 million. The cash inflow was offset by cash outflows from increase in inventories of approximately \$0.2 million. Our operating cash flow from operations was increased by income taxes refund of approximately \$0.1 million.

Net cash of approximately \$2.0 million was used in investing activities, mainly for the purchase of plant and equipment.

Net cash of approximately \$0.3 million was used in financing activities. This was mainly due to interest payment and repayment of finance leases of approximately \$0.4 million and \$0.2 million respectively and purchase of treasury shares of approximately \$0.1 million.

## **12M2018**

In 12M2018, net cash generated from operating activities amounted to approximately \$9.0 million compared to approximately \$15.0 million generated in 12M2017. We generated net cash of approximately \$15.1 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$4.8 million. This was mainly due to cash outflow from increase in trade and other receivables of approximately \$0.9 million, cash outflow from increase in other assets of approximately \$1.7 million, cash outflow from decrease in trade and other payables of approximately \$5.0 million and decrease in other liabilities of approximately \$0.3 million. These cash outflows were offset by cash inflow from the decrease in inventories of approximately \$3.2 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$1.3 million.

Net cash of approximately \$4.0 million was used in investing activities mainly from the purchase of property, plant and equipment of approximately \$10.4 million. This cash outflow was offset by proceeds from disposal of property, plant and equipment of approximately \$6.0 million.

Net cash of approximately \$6.5 million was used in financing activities. This was mainly due to dividend payment of approximately \$6.5 million, interest payment of approximately \$1.5 million, increase in net other financial liabilities and finance leases of approximately \$1.8 million and purchase of treasury shares of \$0.3 million.

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

There is no variance between the prospect statement previously announced and the actual results of the current financial reporting period.

### **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**

Our Group has order book amounting to approximately \$92.7 million as at 31 December 2018 comprising \$44.7 million from Projects Services segment and \$48.0 million from Maintenance Services segment. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above.

The deliveries for these orders will spread within the next 36 months and as such, we expect to derive sustained revenue streams from these orders up to FY2021. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group's businesses serving largely the marine, oil and gas industries remain challenging. Amidst persistent weak oil prices, fluctuations in the exchange rate of the United States dollar against the Singapore dollar and the uncertainty in the economies due to the trade war between U.S.A and China, the Group's growth will be affected.

However, the Group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken and the opportunities for further M&A, the Group will continue to deliver value to shareholders.

The Group remains positive over the long-term prospects in the marine, oil and gas industries, petrochemical sectors, pharmaceutical and infrastructure industries.

## 11. Dividend

### (a) Current Financial Period Reported on 31 December 2018

- (i) Any dividend declared for the current financial period reported on? Yes.
- (ii) Any dividend recommended for the current financial period reported on? Yes.

Name Of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.353 cents 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.

Name Of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.873 cents per ordinary share
Tax Rate	Tax exempt (One tier)

### (c) Date payable

To be announced later. The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

### (d) Books closure date

To be announced at a later date.

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

Not applicable.

## 13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.

The segments and types of products and services are as follows:

- (1) The Project Services segment includes capital projects which the Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services.
- (2) The Maintenance Services segment includes maintenance and repair services provided by the Group, including trading and supply of material, spare parts and components.
- (3) The Others segment relates to other revenue streams, including dividends from investment holding.

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>Continuing Operations FY2018</b>					
<b>Revenue by Segment</b>					
Total revenue	53,704	38,230	6,927	(7,167)	91,694
Less: Inter segment sales	(3,615)	(412)	(3,140)	7,167	-
External revenue	50,089	37,818	3,787		91,694
<b>EBITDA</b>	5,046	7,241	618	3,140	16,045
Less: Inter segment expenses	1,929	1,211	-	(3,140)	
Adjusted EBITDA	6,975	8,452	618		16,045
Finance costs	(446)	(1,039)			(1,485)
Depreciation	(1,241)	(1,530)			(2,771)
Unallocated:					
Income tax expenses					(831)
Interest income					367
Profit from continuing operations, net of tax					11,325

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>Continuing Operations FY2017</b>					
<b>Revenue by Segment</b>					
Total revenue	54,318	37,286	4,394	(4,461)	91,537
Inter segment sales	(832)	(622)	(3,007)	4,461	-
External revenue	53,486	36,664	1,387	-	91,537
<b>EBITDA</b>	7,945	9,790	(27)	3,007	20,715
Inter segment expenses	1,757	1,250	-	(3,007)	-
Adjusted EBITDA	9,702	11,040	(27)	-	20,715
Finance costs	(643)	(586)			(1,229)
Depreciation	(1,516)	(1,399)			(2,915)
Unallocated:					
Income tax expenses					(1,468)
Interest income					163
Profit from continuing operations, net of tax					15,266



## Assets and Reconciliations

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Group S\$'000
<b>2018</b>				
Reportable segment assets	7,665	4,007	-	11,672
Unallocated:				
Asset held for sale				8,076
Cash and cash equivalents				39,232
Inventories				10,095
Trade and other receivables, prepayments and deposits				22,967
Property, plant and equipment				30,266
Other non-current assets				29,552
Total Group assets				151,860
<b>2017</b>				
Reportable segment assets	4,980	1,329	-	6,309
Unallocated:				
Asset held for sale				13,419
Cash and cash equivalents				40,291
Inventories				13,287
Trade and other receivables, prepayments and deposits				25,735
Property, plant and equipment				22,716
Other non current assets				29,552
Total Group assets				151,309

## Liabilities and Reconciliations

	Project Services	Maintenance Services	Others	Group
<b>2018</b>				
Reportable segment liabilities	-	150	-	150
Unallocated:				
Trade and other payables				17,482
Other financial liabilities				40,803
Financial liabilities held for sale				8,403
Income tax payable and deferred tax liabilities				4,030
Total Group liabilities				70,868
<b>2017</b>				
Reportable segment liabilities	-	498	-	498
Unallocated:				
Trade and other payables				22,499
Other financial liabilities				34,925
Financial liabilities held for sale				12,245
Income tax payable and deferred tax liabilities				4,528
Total Group liabilities				74,695

## Geographical Information

	Revenue		Non current Assets	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
China	22,205	25,753	4,163	4,549
Singapore	76,656	74,746	55,655	47,719
Elimination	(7,167)	(8,962)	-	-
	91,694	91,537	59,818	52,268

## 14. 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.

## 15. A breakdown of sales as follows:

	FY2018 \$'000	FY2017 \$'000	Change %
Sales for first half year	48,783	43,970	11
Profit attributable to Owners of the Parent, Net of Tax for first half year	7,790	6,531	19
Sales for second half year	42,911	47,567	(10)
Profit attributable to Owners of the Parent, Net of Tax for second half year	3,535	8,735	(60)

## 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2018 \$'000	FY2017 \$'000
Interim dividend paid of 0.779 (2017: 0.653) cents per share	3,062	2,566
Proposed final dividend of 0.353 (2017: 0.873) cents per share	1,386*	3,431
Total dividend of 1.169 (2017: 1.526) cents per share	4,448	5,997

\* Based on 392,519,100 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2018.

## 17. 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).

**18. 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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Bong Boon Hean	38	Cousin of Teo Ling Ling, Chief Executive Officer, Nordic Flow Control Pte Ltd	Senior Manager, Project & Conversion Bong Boon Hean was promoted to this position in 2013. He leads, oversees project and conversion teams located both in Singapore and China.	N.A.

**BY ORDER OF THE BOARD**

**CHANG YEH HONG  
CHAIRMAN  
22 FEBRUARY 2019**