



NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

1Q2017 Financial Statement and Dividend Announcement

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 PERIOD ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1Q2017 \$'000	1Q2016 \$'000	Change %
Revenue	19,923	19,810	1
Cost of Sales	(13,819)	(13,521)	2
Gross Profit	6,104	6,289	(3)
Interest Income	24	29	(17)
Finance Costs	(186)	(264)	(30)
Marketing and Distribution Costs	(111)	(157)	(29)
Administrative Expenses	(1,976)	(2,784)	(29)
Other Gains and Losses	(403)	(340)	19
Profit Before Tax from Continuing Operations	3,452	2,773	24
Income Tax Expense	(642)	(458)	40
Profit from Continuing Operations, Net of Tax	2,810	2,315	21
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(151)	(133)	14
Other Comprehensive Income, Net of Tax	(151)	(133)	14
Total Comprehensive Income	2,659	2,182	22
Profit Attributable to:			
Owners of the Parent, Net of Tax	2,810	2,315	21
Non-Controlling Interests, Net of Tax	-	-	-
Profit Net of Tax	2,810	2,315	21
Total Comprehensive Income Attributable to:			
Owners of the Parent	2,659	2,182	22
Non-Controlling Interests	-	-	-
Total Comprehensive Income	2,659	2,182	22

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:

		1Q2017 S\$'000	1Q2016 S\$'000	Change %
1	Interest income	24	29	(17)
2	Interest on borrowings	(186)	(264)	(30)
3	Depreciation and amortisation (Loss)/Gain on disposal of plant and equipment	(571)	(725)	(20)
4	Foreign exchange losses	(10)	75	(113)
5	Government grant	(622)	(737)	(16)
6		280	292	(4)

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 March 2017 S\$'000	31 December 2016 S\$'000	31 March 2017 S\$'000	31 December 2016 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	16,701	17,063	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Goodwill	22,451	22,451	-	-
Total Non-Current Assets	39,152	39,514	1,350	1,350
Current Assets				
Inventories	11,046	7,894	3,417	-
Trade and Other Receivables	25,035	27,103	17,622	15,958
Other Assets	1,584	5,089	2	4,276
Cash and Cash Equivalents	32,654	32,325	13,478	8,388
Total Current Assets	70,319	72,411	34,519	28,622
Total Assets	109,471	111,925	35,869	29,972
Liabilities and Equity				
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	47,947	45,137	13,089	6,275
Treasury Shares	(1,279)	(1,279)	(1,279)	(1,279)
Other Reserves	356	507	-	-
Equity, Attributable to Owners of the Parent	69,463	66,804	34,249	27,435
Non-Controlling Interests	-	-	-	-
Total Equity	69,463	66,804	34,249	27,435
Non-Current Liabilities				
Other Financial Liabilities	5,777	6,845	-	-
Deferred Tax Liabilities	957	979	-	-
Total Non-Current Liabilities	6,734	7,824	-	-
Current Liabilities				
Income Tax Payable	2,363	2,113	45	10
Trade and Other Payables	10,163	12,791	1,575	2,527
Other Liabilities	502	1,153	-	-
Other Financial Liabilities	20,246	21,240	-	-
Total Current Liabilities	33,274	37,297	1,620	2,537
Total Liabilities	40,008	45,121	1,620	2,537
Total Liabilities and Equity	109,471	111,925	35,869	29,972

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 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,246	11,000	9,246	11,994

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,777	-	6,845	-

Details of any collateral

1. Charge on motor vehicles of certain subsidiaries for finance lease liabilities.
2. Borrowings drawn down in relation to the acquisition of the leasehold property is secured against the property.
3. Borrowings drawn down in relation to the acquisition of Austin Energy (Asia) Pte Ltd and its subsidiary, Austin Energy Offshore Pte. Ltd. is secured against mortgage on a leasehold property owned by Austin Energy Offshore Pte. Ltd.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q2017 \$'000	1Q2016 \$'000
Cash flows from operating activities:		
Profit before tax	3,452	2,773
Adjustments for:		
Depreciation expense	571	725
Loss/(Gain) on disposal of plant and equipment	10	(75)
Interest income	(24)	(29)
Interest expense	186	264
Unrealised foreign exchange losses	356	468
Operating cash flows before changes in working capital	4,551	4,126
Trade and other receivables	1,546	592
Other assets	4,027	(594)
Inventories	(3,152)	1
Other liabilities	(651)	(171)
Trade and other payables	(2,628)	(594)
Cash generated from operations	3,693	3,360
Income tax paid	(393)	(249)
Net cash generated from operating activities	3,300	3,111
Cash flows from investing activities:		
Purchase of plant and equipment	(330)	(196)
Proceeds from disposal of plant and equipment	-	152
Interest received	24	29
Net cash used in investing activities	(306)	(15)
Cash flows from financing activities:		
Other financial liabilities	(2,032)	(1,840)
Decrease in finance leases	(29)	(27)
Purchase of treasury shares	-	(148)
Interest paid	(186)	(264)
Net cash used in financing activities	(2,247)	(2,279)
Net increase in cash and cash equivalents	747	817
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(418)	(512)
Cash and cash equivalents at beginning of period	32,325	35,566
Cash and cash equivalents at end of period	32,654	35,871

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the company						Non-Controlling Interests \$'000	Total Equity S'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Treasury Shares S'000	Parent Sub-Total \$'000		
Group – Q1								
<u>Balance at 1 January 2017</u>	22,439	272	45,137	235	(1,279)	66,804	-	66,804
Total comprehensive income for the period	-	(151)	2,810	-	-	2,659	-	2,659
Purchase of treasury shares	-	-	-	-	-	-	-	-
Balance at 31 March 2017	22,439	121	47,947	235	(1,279)	69,463	-	69,463
<u>Balance at 1 January 2016</u>	22,439	432	37,065	235	(856)	59,315	65	59,380
Total comprehensive income for the period	-	(133)	2,315	-	-	2,182	-	2,182
Purchase of treasury shares	-	-	-	-	(148)	(148)	-	(148)
Balance at 31 March 2016	22,439	299	39,380	235	(1,004)	61,349	65	61,414

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
Company - Q1				
<u>Balance at 1 January 2017</u>	22,439	6,275	(1,279)	27,435
Total comprehensive income for the period	-	6,814	-	6,814
Purchase of treasury shares	-	-	-	-
Balance at 31 March 2017	22,439	13,089	(1,279)	34,249
<u>Balance at 1 January 2016</u>	22,439	4,688	(856)	26,271
Total comprehensive income for the period	-	33	-	33
Purchase of treasury shares	-	-	(148)	(148)
Balance at 31 March 2016	22,439	4,721	(1,004)	26,156

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

	1Q2017		4Q2016	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and paid up capital				
As at beginning of period	393,175,400	21,160	393,475,700	21,228
Less: Treasury shares bought during the period	-	-	(300,300)	(68)
Total issued share capital excluding treasury shares as at end of period	393,175,400	21,160	393,175,400	21,160

	1Q2017		4Q2016	
	No. of shares	S\$'000	No. of shares	S\$'000
Treasury shares				
As at beginning of period	6,824,600	1,279	6,524,300	1,211
Share buy-back	-	-	300,300	68
Treasury shares balance as at end of period	6,824,600	1,279	6,824,600	1,279

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 immediate 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 shares excluding treasury shares as at the end of the period was 393,175,400 ordinary shares (31 December 2016: 393,175,400 ordinary shares).

As at 31 March 2017, the Company holds 6,824,600 treasury shares (31 December 2016: 6,824,600 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

The Company held 6,824,600 treasury shares (31 December 2016: 6,824,600 treasury shares) during the period. There was no sale, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2017.

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 in accordance with Singapore Standards on Auditing.

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 the same accounting policies and methods of computation as the most recently audited financial statements for the year ended 31 December 2016.

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 during the current financial period.

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

	1Q2017	1Q2016
The Group		
Net profit after tax attributable to equity holders of the Company (\$'000)	2,810	2,315
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	393,175	394,862
Earnings per share - basic/fully diluted (cents)	0.7	0.6

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 March 2017	31 December 2016	31 March 2017	31 December 2016
Net asset value (\$'000)	69,463	66,804	34,249	27,435
Number of ordinary shares excluding treasury shares ('000)	393,175	393,175	393,175	393,175
Net asset value per share (cents)	17.7	17.0	8.7	7.0

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 2017 ("1Q2017")

Revenue

Our revenue increased by approximately \$0.1 million or 1%, from approximately \$19.8 million in 1Q2016 to approximately \$19.9 million in 1Q2017. The increase was from increase in revenue from the Maintenance Services segment and Others segment (sale of carbon emission allowances). These increases were offset by the decrease in revenue from the Project Services segment.

Business Segment	1Q2017 \$'000	1Q2016 \$'000	Change \$'000	Change %
Project Services	13,061	15,145	(2,084)	(14)
Maintenance Services	5,475	4,665	810	17
Others	1,387	-	1,387	nm
Total	19,923	19,810	113	1

Gross profit and gross profit margin

Gross profit for 1Q2017 remained consistent at \$6.1 million. Similarly, gross profit margin remained consistent at 31% in 1Q2017.

Finance costs

Interest expense decreased approximately \$78,000 or 30%, from approximately \$264,000 in 1Q2016 to approximately \$186,000 in 1Q2017 mainly due to lower bank borrowings.

Marketing and distribution expenses

Marketing and distribution expenses decreased approximately \$46,000 or 29% from \$157,000 in 1Q2016 to \$111,000 in 1Q2017, mainly due to less marketing costs incurred.

Administrative expenses

Administrative expenses decreased approximately \$0.8 million or 29% from \$2.8 million in 1Q2016 to \$2.0 million in 1Q2017. This was mainly due to lower staff costs.

Other gains and losses

For 1Q2017, other losses of approximately \$403,000 were recorded. This was mainly due to foreign exchange losses of approximately \$622,000 due to weakening of the United States Dollar against the Singapore Dollar during the period under review offset by government grants received of approximately \$280,000.

For 1Q2016, other losses of approximately \$340,000 were recorded, arising mainly from foreign exchange losses of approximately \$737,000, due to the weakening of the United States Dollar against the Singapore Dollar during the period under review. The foreign exchange loss was offset by government grants received of approximately \$292,000 and gain on disposal of plant and equipment of \$75,000.

Statement of Financial Position Review (as at 31 March 2017 compared to 31 December 2016)

Non-current assets

Non-current assets decreased approximately \$0.3 million or 1% from approximately \$39.5 million as at 31 December 2016 to approximately \$39.2 million as at 31 March 2017. The decrease was mainly due to depreciation charge for the period under review.

Current assets

Current assets decreased approximately \$2.1 million or 3%, from approximately \$72.4 million as at 31 December 2016 to approximately \$70.3 million as at 31 March 2017. The decrease was due to drop in trade and other receivables and other assets of approximately \$2.1 million and \$3.5 million respectively; offset by increase in inventories and cash and cash equivalents of approximately of \$3.2 million and \$0.3 million respectively. Other assets as of 31 December 2016 included amount of \$4.2 million as prepayment for purchase of carbon emission allowances. As of 31 March 2017, the balance of \$3.4 million (net of carbon emission allowances sold in 1Q2017) is recognised as inventories.

Current liabilities

Current liabilities decreased approximately \$4.0 million or 11%, from approximately \$37.3 million as at 31 December 2016 to approximately \$33.3 million as at 31 March 2017 mainly due to (i) decrease in trade and other payables of approximately \$2.6 million; (ii) decrease in other liabilities of approximately \$0.7 million; and (iii) repayment of short term bank borrowings of approximately \$1.0 million. This is offset by an increase in income tax payable of \$0.3 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$1.1 million or 13.9%, from approximately \$7.8 million as at 31 December 2016 to approximately \$6.7 million as at 31 March 2017 due to repayment of term loans.

Equity

Our capital and reserves increased by approximately \$2.7 million or 4% from \$66.8 million as at 31 December 2016 to \$69.5 million as at 31 March 2017 mainly due to net profit from the quarter under review.

Statement of Cash Flows Review

1Q2017

We continued to maintain a healthy cash position with approximately \$32.7 million in cash and cash equivalents as at the end of 1Q2017.

In 1Q2017, net cash from operating activities amounted to approximately \$3.3 million compared to approximately \$3.1 million in 1Q2016. We generated net cash of approximately \$4.6 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$0.9 million. This was mainly due to cash inflow from (i) decrease in trade and other receivables of approximately \$1.5 million; and (ii) decrease in other assets of approximately \$4.0 million. These are offset by cash outflow from (i) increase in inventories of approximately \$3.1 million; and (ii) decrease in other liabilities and trade and other payables of approximately \$0.7 million and \$2.6 million respectively. Our operating cash flow from operations was reduced by income taxes payment of approximately \$393,000.

Net cash of approximately \$306,000 was used in investing activities mainly due to purchase of plant and equipment of approximately \$330,000.

Net cash of approximately \$2.2 million was used in financing activities. This was mainly due to repayment of bank borrowings and finance cost.

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 prospect statement had been issued for 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

Currently, our Group has outstanding orders amounting to approximately \$20.9 million excluding maintenance contracts. 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 FY2018. 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 US dollar against the Singapore dollar and the contagion effect from the fallout of some of the local oil and gas players.

The acquisition of Ensure Engineering Pte Ltd ("Ensure Engineering") was completed on 28 April 2017. This acquisition allows the Group to expand its products and services to pre and post-commissioning services, process enhancement services, waste and power plant services. The Group would also be able to extend our footprints to infrastructure and manufacturing industries. Being a maintenance specialist, Ensure Engineering would derive most of its revenue from recurrent maintenance contracts, thus providing the Group with a more stable income stream.

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, offshore oil and gas industries, petrochemical sectors and pharmaceutical industry.

11. Dividend

(a) Current Financial Period Reported on 31 March 2017

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

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/recommendeded, a statement to that effect

No dividend has been declared for the quarter ended 31 March 2017.

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 (“the Board”) hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for the financial period ended 31 March 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**CHANG YEH HONG
CHAIRMAN
11 MAY 2017**