NORDIC
Group Limited

ANNUAL REPORT 2014

BUILDING MOMENTUM

CAPTURING OPPORTUNITIES

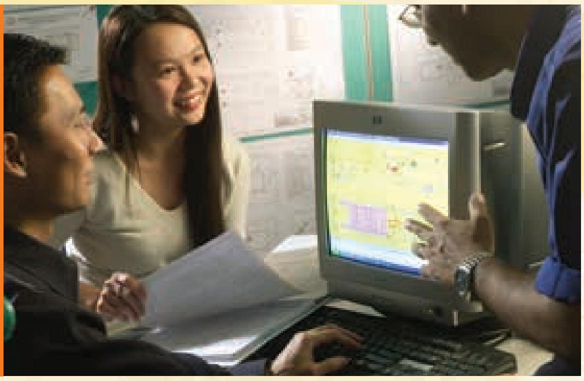
CONTENTS

CORPORATE PROFILE

Established in 1998, we are an automation system integration solutions provider serving mainly the marine and offshore oil and gas industries. We also design and build tooling systems, and provide turnkey production solutions to customers in the marine, oil and gas, aerospace, medical and electronic manufacturing services industries. Over the years, we have established a firm reputation in providing consistent and reliable solutions to more than 1,000 vessels for more than 100 customers in our System Integration and MRO and Trading divisions, as well as a stable customer base of more than ten in our Precision Engineering division. Nordic's System Integration and Precision Engineering operations are based in Singapore and China, with our head office and warehouse located in Singapore and two production facilities located in Suzhou, China.

We also provide a full suite of safety-certified metal scaffolding systems, including design, erection, modification, dismantling, sales and rental, servicing the onshore oil and gas, petrochemical and marine industries through our subsidiary, Multiheight Group. Based in Singapore, Multiheight is the resident contractor for major local and multinational companies in the onshore oil and gas industry.

OUR BUSINESS



SYSTEM INTEGRATION

We design, procure, develop and manufacture actuators, valves and other components for assembly and integration into valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems for the use in vessels. We also offer commissioning services where our engineers conduct on-site tests, to ensure the proper installation and functioning of the products.

PRECISION ENGINEERING

Featuring 5-axis CNC machines at our production facilities in Suzhou, PRC, we specialise in the design and building of tooling systems, and provision of turnkey production solutions, servicing customers mainly from the marine, oil and gas, aerospace, medical and electronic manufacturing services industries.

MAINTENANCE, REPAIR AND OVERHAUL ("MRO") AND TRADING

As part of our after-sales services, our dedicated team of consultants provides efficient MRO services round the clock through a customer care hotline. To date, over 1,000 vessels are fitted with our systems, with the number steadily increasing with every delivery of new vessels, and increasing opportunities for conversion and retrofitting of existing vessels.

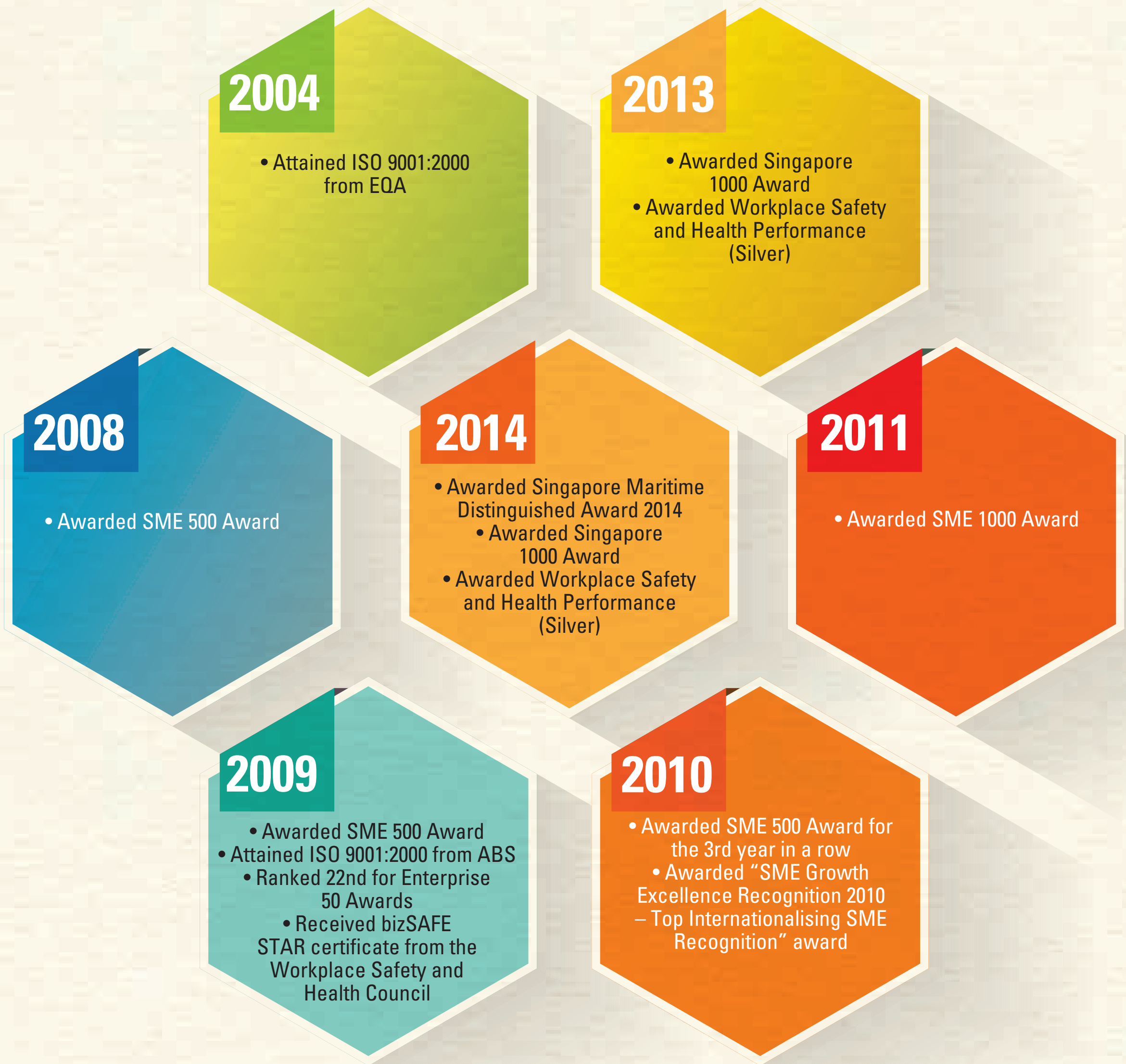
SCAFFOLDING SERVICES

We provide a full suite of safety-certified metal scaffolding systems, including design, erection, modification, dismantling, sales and rental, servicing the onshore oil and gas, petrochemical and marine industries through our subsidiary, Multiheight Group. Based in Singapore, Multiheight has the requisite technical capabilities, expertise and infrastructure to execute complex projects. As testament to our strong customer base and long-standing relationships, Multiheight is the resident contractor for many major local and multinational companies in the onshore oil and gas industry.

OUR MARKETING NETWORK

Our sales and marketing network covers Singapore and various locations in the PRC as well as an international network of appointed sales and service agents, who provide us with prompt and proficient service support.

AWARDS & ACCREDITATIONS



SYSTEM INTEGRATION AND PRECISION ENGINEERING

All systems, associated equipment and parts offered to our customers are accredited by various major marine classification bodies such as ABS, Bureau Veritas, China Classification Society, Det Norske Veritas, Germanischer Lloyd, Indian Register of Shipping, Korean Registry of Shipping, Lloyd's Register, Nippon Kaiji Kyokai and Polski Rejester Statkow.

Our commitment to quality is also evidenced by the certifications which we have received over the years, including ISO9001:2008, as well as ISO9001:2008 and AS9100C in accordance with AS9104A.

SCAFFOLDING SERVICES

Our scaffolding services subsidiary, Multiheight Group, was one of the first in its industry to obtain the ISO9001 (previously known as ISO9002) certification in 1997. Multiheight has also received other quality certifications such as the OHSAS18001:2007 – Erection & Dismantling of Metal Scaffolding and SS506: Part1:2009- Erection & Dismantling of Metal Scaffolding. These are testament to Multiheight's achievements in meeting stringent quality and safety requirements over the years.

CORPORATE MILESTONES

1998

- Incorporated Nordic Flow Control Pte. Ltd., started off as a service agent for marine control systems, providing after-sales service to end users

2003

- Transformed into a provider of ship automation solutions to vessels
- First contract from China Shipbuilding Trading Co. (International), Ltd., supplying VRCS to vessels in Wenchong Shipyard in Guangzhou

2004

- Acquired 60% equity interest in Avitools Singapore
- Set up Avitools Suzhou, subsidiary of Avitools Singapore, and representative offices in Shanghai and South Korea
- Clinched first Korean contract from STX Shipbuilding Co., Ltd, supplying Tanking Gauging Systems

2006

- Achieved major breakthrough in the PRC market through deployment of own sales staff to undertake sales and marketing activities

2009

- Incorporated Nordic Suzhou
- Nordic Multi-Functional Automation Systems (NORMAS) received the Type Approval Certificate from Germanischer Lloyd

2010

- Listed on the Mainboard of SGX-ST

2011

- Acquired Multiheight Group to diversify into Scaffolding Services business, and expand our range of products and services to new customers in the onshore oil and gas sector

2012

- Purchased property located at 5 Kwong Min Road

2014

- Entered into Original Equipment Manufacturer ("OEM") agreements with Praxis Automation Technology and PSM Instrumentation Limited to expand our product offering under Nordic Integrated Solutions

2015

- Entered in non-binding memorandum of understanding ("MOU") to acquire Austin Energy (Asia) Pte Ltd which is synergistic to our existing scaffolding services business segment and will allow Nordic to offer its clients a high quality and wholesome suite of products and solutions

CHAIRMAN'S STATEMENT

We had an exciting year in FY2014 as we experienced an upswing in the performance of our business segments in the marine, offshore oil & gas and petrochemicals industries which translated to a marked improvement in the sales and profitability of the Group.

DEAR SHAREHOLDERS

We were able to capitalise on opportunities as we have nurtured a business which is highly nimble by driving improvements in productivity, harnessing the maximum effectiveness of our available resources and implementing prudent cost control measures. At the same time, we embarked on strategic organic and inorganic investments to boost the quality and range of our products and solutions through the downturn caused by the Great Recession in 2009 and the subsequent years of consolidation in our markets.

The Group's decisions to incorporate Nordic Flow Control (Suzhou) Co., Ltd ("Nordic Suzhou") and acquire Multiheight Scaffolding Pte Ltd ("Multiheight") in 2009 and 2011, in the midst of the consolidation years in industry, have proven to be right ones. Notably, the Group has entered into a $26 million non-binding memorandum of understanding (MOU) to acquire the entire issued and paid-up share capital of Austin Energy (Asia) Pte Ltd ("Austin Energy") on 12 March 2015. This acquisition will be in line with the Group's inorganic strategy to acquire quality businesses which are synergistic to our existing businesses and able to enhance our range of products and solutions.

Nordic Suzhou has grown immensely since its incorporation five years ago, and is now an integral part of the Group, catering to the stable Chinese demand in our System Integration products and solutions.

In 2011, we acquired Multiheight, an established business in the Oil & Gas, Marine and Petrochemicals markets with a strong customer base including local and multinational players. This strategic investment not only honed the capabilities of the Group with a complementary suite of products and solutions but also provided us with the ability to cross-sell other products and solutions we offer. Multiheight is celebrating 25 years of operational excellence this year. Having completed numerous iconic and transformational projects in the recent years, such as Singapore Hydro-Desulfurization-OSBL Project, Singapore Expansion Project and Ekofisk Project, Multiheight has grown from strength to strength each year and, today, it employs more than 500 skilled scaffolders to work on its diverse base of projects.

Having laid a solid operational foundation and taken advantage of the challenging downturn years to build the Group's capabilities, Nordic has paved the way to ride the wave for opportunities in our recovering marine, offshore oil & gas and petrochemicals markets. Although the complex macroeconomic conditions and weak oil & gas prices may cause some scheduled projects to defer, the Group's largely routine maintenance contracts for our clients will not be affected.

CHAIRMAN'S STATEMENT

With this in mind, I can confidently say our business prospects are very much intact and our Group's augmented capabilities will put us in a formidable position to vie for new contracts in our business segments.

REVENUE
9.4%
to $72.4 million

NET PROFIT
29.0%
to $7.9 million

YEAR IN REVIEW

Buoyed by recovering sentiments in our business segments, Nordic posted a 29% increase in earnings to $7.9 million on the back of a 9% rise in sales to $72.4 million as a result of a robust showing by our System Integration, MRO & Trading and Precision Engineering business segments.

Sales contributions from our System Integration, MRO & Trading and Precision Engineering business segments increased 27%, 44% and 19% to $28.5 million, $4.6 million and $13.3 million respectively as the Group delivered projects for established companies.

Despite seeing an 11% decrease in sales contribution to $26.0 million in our labour-intensive Scaffolding Services business segment, it will continue to provide a steady revenue stream from the recurring nature of business from various plant and maintenance contracts.

Singapore and China continued to be the key revenue markets for the Group accounting for $35.5 million and $30.7 million or 49.1% and 42.4% in sales respectively. Additionally, the Group's other markets, comprising mainly European and Asian countries, formed an exciting platform to ramp up the Group's overseas business with a sustained $6.1 million in revenue contribution.

Also during the year, gross profit increased 14% to $24.4 million in FY2014 from $21.4 million in FY2013 mainly due to our productivity drive and efficient allocation of resources to higher margin projects. Resultantly, the Group registered a 1.4 percentage point increase in gross profit margin to 33.7%.

Based on our latest full-year results, the Group's earnings per share on a fully diluted basis rose to 2.0 cents in FY2014 from 1.5 cents FY2013, and Net Asset Value per share improved to 13.3 cents as at 31 December 2014 compared to 11.5 cents at 31 December 2013.

The Group's order book stands at a robust $38.9 million, with most of the projects scheduled for delivery within the next 24 months which will provide visible and steady income up to 2016.

Ending FY2014 with a robust balance sheet, the Group's cash and cash equivalents more than doubled to $32.8 million from $14.9 million the year before mainly due to a $9.0 million cash injection from the sales proceeds for our shares in PSL Holdings. Our gearing for the year was healthy at 0.48, with most of the remaining debt coming from our Multiheight acquisition loan, property loan and other short term borrowings.

DIVIDENDS

To reward shareholders given the solid results, the Board and I have proposed a final cash dividend of 0.25 cents per ordinary share and a special cash dividend of 0.25 cents per ordinary share for FY2014, subject to shareholders' approval at our upcoming Annual General Meeting. Our total distribution of 0.5 cents per ordinary share will put Nordic's payout ratio at 25% for the year.

Signalling our confidence in the Group's future growth potential in its recovering markets, the Board and I are also pleased to announce our decision to adopt a formal dividend policy to distribute an annual dividend payout of at least 40% of the net profit attributable to shareholders on a half-yearly basis, going forward.

SHARE PURCHASE MANDATE

The Board and I have also proposed for a share purchase mandate to be put in place, subject to shareholders' approval at our upcoming Extraordinary General Meeting ("EGM") on 29 April 2015. The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising return to its Shareholders. At the same time, share purchases may help mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

BUSINESS PROSPECTS

During the year, the Group made great strides to entrench its leadership position in the markets it operates in by boosting the quality and range of its product and solutions. We have newly forged strategic

CHAIRMAN'S STATEMENT

partnerships with original equipment manufacturers Praxis Automation Technology, from the Netherlands, and PSM Instrumentation Limited, from the United Kingdom, to offer our customers a more holistic and integrated suite of products and solutions. This will not only further extend the Group's leading edge in its pursuit to clinch more contracts, but also allow us to compete for more complicated projects which carry significantly higher contract values.

In line with this strategy, we will be on the lookout for a broader spectrum of products and solutions to add to our existing suite as well as other potential merger and acquisition ("M&A") targets that will quickly allow us to penetrate new markets. Once these services gain traction in the market, we will be able to attract more strategic partnerships which hopefully will have a positive impact on the Group's results.

The Group enjoys a stable base of growth within its System Integration and MRO & Trading business segments. In the region, the Group works with many established customers such as the Keppel Group of companies, Sembcorp, ASL Shipyard and Jaya Shipbuilding & Engineering in Singapore, while it services major shipyards in Guangzhou, Zhejiang, Jiangsu, Dalian and Shandong in China.

In China, the government recently released a white list of its preferred shipyard partners. We stand in good shape with 60% of the shipyards in this white list already customers of the Group. This proves the Group's selective sales strategy to target strong and recognised clients has worked, and has provided Nordic a market dominant position in China which will act as a springboard to capture more market share.

As our marine, offshore oil & gas and petrochemicals markets recover, the immediate future looks sound for our Scaffolding Services business segment, which is a preferred contractor for companies such as ExxonMobil, Chevron Oronite, Invista Singapore Fibres, Kuraray Asia Pacific, BASF, Celanese, Lucite International and Keppel Shipyard. These clients on Jurong Island will continue to require regular shutdown maintenance works every two years in addition to daily plant maintenance and project works.

While Scaffolding Services business segment is labour-intensive, the Budget 2015 will provide some reprieve on the foreign labour levies front as we continue to invest in productivity initiatives to reduce our reliance on labour.

CORPORATE UPDATES

In November 2014, Nordic announced it had, with a view of containing its investment risks, completed its Put Option on its 30,000,000 ordinary shares representing 7.76% of the issued share capital of PSL Holdings Limited worth $9.0 million. This divestment will provide us sufficient fund for our business expansion initiative as we continue to broaden Nordic's product and solutions suite as well as search for quality M&A targets.

Very soon after, in March 2015, the Group identified Austin Energy, a company with more than 20 years of experience specialising in the thermal insulation, fireproofing and fire protection services in the petrochemical, pharmaceutical and offshore industries as a suitable and quality acquisition.

With Austin Energy having worked on several large scale and major projects for Foster Wheeler, Sembawang Engineering and Construction, Shell Eastern Petroleum, Chevron Chemical and GlaxoSmithKline amongst others, we believe Nordic will be taking another step forward in its drive to offer its clients a high quality and wholesome suite of products and solutions. This acquisition will also allow the Group to tap into the client base of Austin Energy to cross-sell its existing products and solutions.

During the year, we also saw a couple of personnel changes at the management level. Our Chief Executive Officer of Multiheight, Mr Jeffery Fong, who has been with Multiheight since 2003, left us with effect from 30 June 2014 due to personal reasons. Mr Robin Yip Kin Hoong, Chief Operating Officer of Multiheight, took over his duties. Likewise, Mr Tang Yew Quan, who joined Nordic in 2009 as Chief Financial Officer, left the Group with effect from 01 April 2014 due to personal reasons. Ms Catherine Thung, our Group Financial Controller, assumed his duties.

I am happy to comment that both Mr Robin Yip and Ms Catherine Thung, having been sought internally, have seamlessly integrated into their new roles and I look forward to working more closely with them. At the same time, it is with a heavy heart we see Mr Jeffery Fong and Mr Tang leave after dedicated and successful spells with the Group. I thank them for their honest hard work in their time here, and wish them all the best.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our loyal shareholders for their confidence in the company, our business partners for their support of the business and our employees who make our company great.

Let me assure all of you that we will continue to focus our efforts to grow the company further and continue to deliver value to our stakeholders.

CHANG YEH HONG
Executive Chairman

BOARD OF DIRECTORS

CHANG YEH HONG

EXECUTIVE CHAIRMAN

Chang Yeh Hong is our Executive Chairman and was appointed to our Board on 8 April 2010 and was last re-elected at the Company's Annual General Meeting ("AGM") on 26 April 2012. He is responsible for the working of the Board; the reviewing of business plans, strategic positioning and business expansion of the Group. He is a member of our Nominating Committee. He also serves as an independent director on the board of Union Steel Holdings Limited. He has more than 18 years of experience in the banking industry. From 1999 to 2000, he was the regional managing director of Asia Pacific with Citibank, and from 2000 to 2002, he was the global head of a product group with Standard Chartered Bank. From 2002 to 2003, Chang Yeh Hong was an executive director of Technics Group Holdings Limited (now known as Technics Oil & Gas Limited), responsible for finance and corporate development. Since he took an executive role with us in 2004, he has played a pivotal role in the growth and development of our Group. Chang Yeh Hong holds a Bachelor of Arts degree majoring in Economics from the National University of Singapore and has completed the Standard Chartered International Management Programme in INSEAD Fountainbleau, France and the Business Financial Management Programme with Manchester Business School, United Kingdom.

DORCAS TEO LING LING

EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER OF NORDIC FLOW CONTROL PTE LTD

Dorcas Teo is our Executive Director and was appointed to our Board on 30 June 2010 and was last re-elected at the Company's AGM on 26 April 2013. She has been with us since 2003 and was appointed as Chief Executive Officer of our subsidiary Nordic Flow Control Pte Ltd on 1 January 2012. Her responsibilities include overseeing our Group's strategic marketing and business development as well as growing our business globally. She has over 22 years of experience in the marine and offshore valve remote control industry. From 1994 to 2003, she was with Tyco Flow Control Pte Ltd, where she eventually took on the position of sales manager. She holds a Bachelor of Commerce degree with major studies in Management from The University of Western Sydney, a Diploma in Sales and Marketing from the Marketing Institute of Singapore as well as a Diploma in Electrical Engineering from the Singapore Polytechnic. In 2006, Dorcas Teo was awarded the Spirit of Enterprise Award in recognition of her inspiring her fellow Singaporeans to achieve greater entrepreneurial excellence.

ERIC LIN CHOON HIN

EXECUTIVE DIRECTOR

Eric Lin is our Executive Director and was appointed to our Board on 30 June 2010 and was last re-elected at the Company's AGM on 25 April 2014. He is one of our founding shareholders in 1998. He is responsible for aspects relating to production and management of our production facilities, quality assurance and control, as well as development of new products. Eric Lin has over 16 years of experience in the marine, offshore and automation industries. He holds a Diploma in Manufacturing Engineering from the Singapore Polytechnic.

BOARD OF DIRECTORS

JULIANA LEE KIM LIAN
INDEPENDENT DIRECTOR

Juliana Lee is our Independent Director. She was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 26 April 2012. She is the Chairman of our Nominating Committee, and a member of our Audit Committee and Remuneration Committee. She also serves as an independent director on the boards of other listed companies, namely Lee Metal Group Limited and Great Group Holdings Limited. Juliana Lee is a Director of Aptus Law Corporation, a law firm in Singapore. She has more than 20 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. She holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

ONG HUA
INDEPENDENT DIRECTOR

Ong Hua is our Independent Director and was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 25 April 2014. She is the Chairman of our Remuneration Committee, and a member of our Audit Committee and Nominating Committee. Ong Hua has over 20 years of internal audit and external audit experience. Her years of external audit experience were gained mainly from two international accounting firms, namely, Deloitte & Touche and RSM Chio Lim, prior to advancing her internal audit career with Singapore Health Services Pte Ltd in 2007. She was a Senior Audit Manager of Singapore Health Services Pte Ltd from 2007 until April 2010, when her employment was transferred to MOH Holdings Pte Ltd where she is currently Deputy Director, Group Internal Audit Division. Ong Hua obtained a Bachelor of Accountancy degree from the Nanyang Technological University in 1992 and is a member of the Institute of Singapore Chartered Accountants.

HEW KOON CHAN
INDEPENDENT DIRECTOR

Hew Koon Chan is our Independent Director and was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 26 April 2013. He is the Chairman of our Audit Committee, and a member of our Remuneration Committee and Nominating Committee. He also serves as an independent director on the boards of other listed companies, namely Roxy-Pacific Holdings Limited, DeClout Limited and Far East Group Limited. He is currently the Managing Director of Integer Capital Pte Ltd, a business consultancy firm focusing on mergers and acquisitions. From 1986 to 1988, Hew Koon Chan was a process engineer at Texas Instruments Singapore (Pte) Ltd, and from 1988 to 2004, he was an investment director at Seavi Venture Services Pte Ltd, a private equity firm affiliated with Advent International Corporation. Hew Koon Chan graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) degree. He also holds a Certified Diploma in Accounting and Finance conferred by the Chartered Association of Certified Accountants and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

SENIOR MANAGEMENT

RODNEY KOH WEI MING

CHIEF EXECUTIVE OFFICER OF AVITOOLS SUZHOU

Rodney Koh is the Chief Executive Officer of Avitools Suzhou and is responsible for the overall operations, sales and business development, profit and loss management, and human resources function of Avitools Suzhou. Rodney Koh was a senior repair development engineer at Pratt & Whitney Services Pte Ltd (SPRO) from 1999 to 2001, and an engineering manager from 2002 to 2005. From 2005 to 2006, he was the Operations Manager of Avitools Singapore. Rodney Koh holds a Bachelor of Engineering degree from the University of Aberdeen and a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

SAMANTHA LIM BEE HONG

GROUP HEAD OF BUSINESS EXCELLENCE, CHINA & GENERAL MANAGER, NORDIC SUZHOU

Samantha Lim is the Group Head of Business Excellence, China and is responsible for all aspects relating to internal controls, risk management and business process improvements across all of the Group's China subsidiaries as well as serving as country head for Nordic Flow Control Suzhou. From 1995 to 1999, she was an accounts executive at Planet Hollywood (Asia) Pte Ltd. From 2001 to 2004, Samantha Lim was an accounts supervisor at International Refinery Services Pte Ltd. From 2004 to 2007, she was our group accountant, and from 2007 to 2008, she was a senior accountant at CapitaLand Limited. From 2008 to 2009, she was Head, Business Control of Nordic Flow Control. From 2009 to 2013, she was the General Manager of Nordic Flow Control Suzhou. Samantha Lim holds a Bachelor of Commerce Degree in Accounting and Banking from Curtin University of Technology.

ROBIN YIP KIN HOONG

CHIEF OPERATING OFFICER OF MULTIHEIGHT GROUP

Robin Yip is the Chief Operating Officer of Multiheight Group and is responsible for managing the daily operations of the company covering allocation and scheduling of resources within worksites and monitoring of operational processes so as to ensure projects and maintenance jobs are completed timely and within customers' expectations. He is responsible for the overall operations, sales and business development, profit and loss management and human resources function of the Multiheight Group and also drives productivity and work improvement initiatives to derive cost efficiencies for this business segment. From 2000 to 2001, he was a Technical Adminstrator in ExxonMobil Chemical Plant. From 2002 to 2004, he was a Chemical Technician in Stella Chemical (S) Pte Ltd. Prior to joining us in 2009, he was a Process Technician in Teijin Polycarbonate (S) Pte Ltd. He was the Operations Manager in 2012 before his promotion to Chief Operating Officer in 2014.

SENIOR MANAGEMENT

CATHERINE THUNG SIM YEE
GROUP FINANCIAL CONTROLLER

Catherine Thung is our Group Financial Controller and Company Secretary, and is responsible for the finance, taxation, treasury, risk management and corporate secretarial aspects for Nordic Group. From 2004 to 2007, she progressed from audit assistant to audit senior at RSM Chio Lim. From 2007 to 2008, she was a hedge fund accountant with Citibank, N.A. From 2008 to 2009, she was a finance manager at Frasers Centrepoint Asset Management (Commercial) Limited (formerly known as "Allco Singapore Limited"), the Manager of Frasers Commercial Trust (formerly known as "Allco Commercial REIT"). Prior to joining us in August 2010, she was a finance manager at Technics Oil & Gas Limited. Catherine Thung holds a Bachelor of Accountancy degree from the Nanyang Technological University and is a non-practicing member of the Institute of Singapore Chartered Accountants.

CHOU CHEE FATT
GENERAL MANAGER, DESIGN SOFTWARE, TECHNICAL SUPPORT

Chou Chee Fatt is our General Manager, Design Software, Technical Support and is responsible for leading groups of design engineers and software engineers to provide software and design capabilities to our project team as well as to offer technical support on our products. From 1997 to 2001, he was a project engineer at Flexlink Systems Pte Ltd. From 2002 to 2003, he was a project engineer at Spraying System Pte Ltd. Prior to joining us in 2003, he was a project engineer at Tyco Building Services Pte Ltd. Chou Chee Fatt holds a Bachelor of Engineering (Electrical & Electronic Engineering) degree and a Master of Science (Communication Software & Networks) degree from the Nanyang Technological University.

JEANETTE LEE MEI HUE
GENERAL MANAGER, SALES

Jeanette Lee is our General Manager, Sales and is responsible for planning and executing sales, account management strategies, direct sales activities, agent management, sales estimation, facilitating and monitoring operation process for on-time project delivery. She joined our Group in July 2003, and had held various positions including project and design engineer, head of sales estimation, procurement and regional sales before she was promoted to the current role of General Manager, Sales in January 2012. Jeanette Lee holds a Bachelor of Electrical and Electronics Engineering degree from the University of Sunderland, and a Diploma in Electrical Engineering from Singapore Polytechnic.

SENIOR MANAGEMENT

FOO CHEE TSUAN

GENERAL MANAGER, POWER AND AUTOMATION

Foo Chee Tsuan is our General Manager, Power & Automation and is responsible for the marketing, business development and operations of the Power and Automation business. Prior to joining us in July 2014, he worked in Keppel Singmarine Pte Ltd from 1968 to 2012, and held various positions including electrician, electrical supervisor, electrical design engineer before being promoted to electrical design section manager overseeing the design engineering, procurement, construction and commissioning of all vessels.

ESTHER FONG SIEW LING

SENIOR MANAGER, PROCUREMENT & ERP

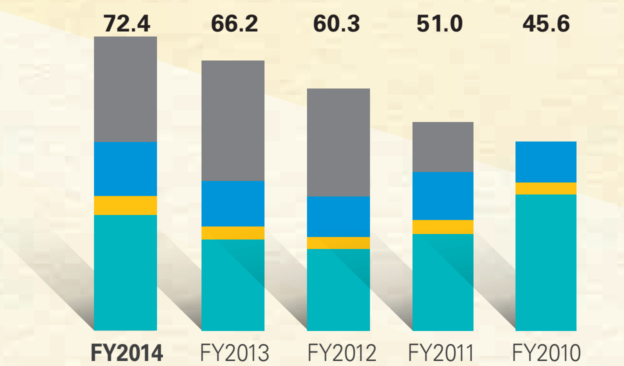
Esther Fong is our Senior Manager, Procurement & ERP and is responsible for the procurement processes, supplier management, cost reduction initiatives, as well as overall management of the Group's Enterprise Resource Planning ("ERP") platform. From 1997 to 1999, she was an administrative assistant at Future Print & Stationery. From 1999 to 2001, she was a coffee house captain at Hotel New Otani Singapore. Prior to joining us in 2003, she was an administrative assistant at Eltra Marketing & Services Pte Ltd. She joined our Group in 2003 and had held various positions including logistics administrator, procurement executive, procurement manager and senior manager for business operation excellence before she assumed the expanded role of Senior Manager, Procurement & ERP in 2014. Esther Fong holds a Bachelor of Arts (Logistics & Supply Chain Management) degree from the University of Northumbria.

FINANCIAL HIGHLIGHTS

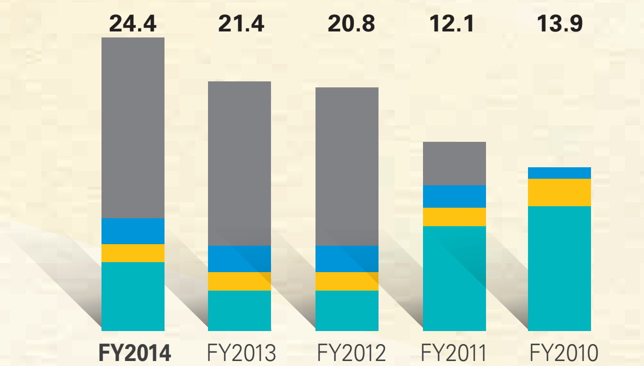
FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS	FY2014	FY2013	Change (%)
Revenue (S$)	72.4	66.2	9
Gross Profit (S$)	24.4	21.4	14
Net Profit (S$)	7.9	6.1	29
Earnings per Share - Basic/ Fully Diluted (S$ cents)	2.0	1.5	33
Net Asset Value per Share (S$ cents)	13.3	11.5	16

REVENUE BY BUSINESS SEGMENTS (S$'M)

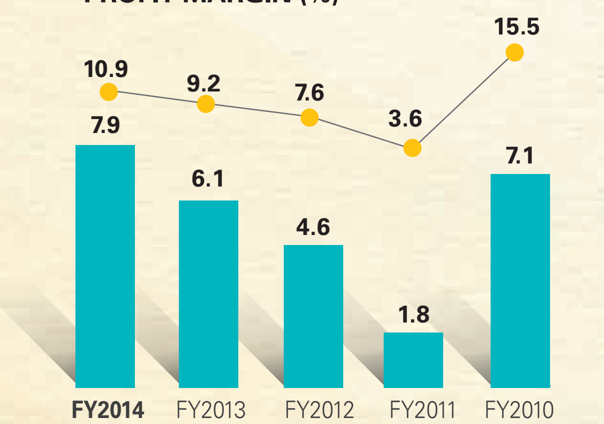


GROSS PROFIT BY BUSINESS SEGMENTS (S$'M)

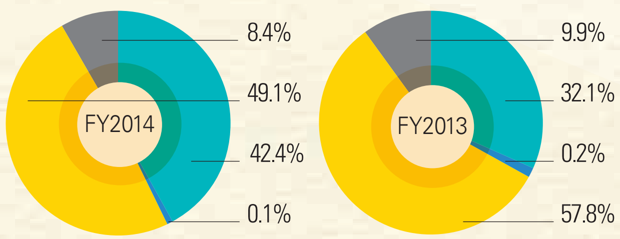


Systems Integration MRO & Trading Precision Engineering Scaffolding Services

NET PROFIT (S$'M) AND NET PROFIT MARGIN (%)



REVENUE BY GEOGRAPHICAL REGIONS (%)



China Korea Singapore Others

OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Underpinned by a healthy recovery in demand for Nordic's products and solutions in its markets, revenue contribution from the Group's System Integration, MRO & Trading and Precision Engineering saw steady improvements of 26.7%, 43.8% and 18.8% to $28.5 million, $4.6 million and $13.3 million respectively in FY2014. In addition, the Group's Scaffolding Services business segment posted a commendable $26.0 million in revenue despite experiencing a tight labour market. These factors contributed in boosting the Group's revenue by 9.4% to $72.4 million in FY2014.

Providing a visible and steady stream of revenue over the next 24 months, the Group's robust order book stands at $38.9 million.

GROSS PROFIT AND GROSS PROFIT MARGIN

Despite facing escalating costs in its labour-intensive markets, all four of the Group's business segments reported higher gross profits which amounted to $24.4 million in FY2014, an increase of 13.9% from $21.4 million the year before. In tandem, Gross profit margin also rose 1.4 percentage points in tandem to 33.7% from 32.3%.

EXPENSES

Primarily due to paying down the initial loan used to fund the Multiheight acquisition, the Group's interest expense decreased by 21.7%, from $0.7 million in FY2013 to $0.6 million this year.

The Group also had to contend with rising costs which saw its administrative expenses rise 4.3% to $14.7 million in FY2014 from $14.1 million a year ago. The Group is ramping up its productivity drive and allocating resources to projects with higher margins in order to stem costs from escalating further.

OTHER GAINS

Nordic recorded gains of approximately $0.8 million arising predominantly from i) government grants received of approximately $0.2 million and ii) foreign exchange gains of $0.6 million which was partially offset by inventory written off of approximately $0.1 million.

PROFITABILITY

The Group's net profit attributable to shareholders surged 29% to $7.9 million in FY2014 on the back of a stellar performance by its System Integration, MRO & Trading and Precision Engineering business segments which generated earnings per share of 2 cents. In line with this, its net asset value improved to 13.3 cents.

As testament to the confidence of the Group in its recovering markets, the Board has proposed a final cash dividend of 0.25 cents per ordinary share and a special cash dividend of 0.25 cents per ordinary share, subject to shareholders approval at the forthcoming Annual General Meeting. Additionally, the Group has also adopted a formal dividend policy to distribute an annual dividend payout of at least 40% of the net profit attributable to shareholders on a half-yearly basis.

BALANCE SHEET

TOTAL ASSETS

Non-current assets

The Group's non-current assets remained relatively constant at approximately $25.9 million as at 31 December 2014 compared to $26.9 million as at 31 December 2013.

OPERATING AND FINANCIAL REVIEW

Current assets

During the year, the Group received $9.0 million in sales proceeds from the disposal of shares in PSL Holdings Limited which was partially offset by a decrease in trade and other receivables of close to $3.8 million. This accounted for majority of its 24.9% or $12.9 million spike in current assets to $64.6 million as at 31 December 2014 from $51.7 million as at 31 December 2013.

TOTAL LIABILITIES

Current liabilities

An increase in trade and other payables of $0.1 million and utilisation of short term bank borrowings of $2.9 million during the period mainly contributed to the rise in the Group's current liabilities by 13.3% to $33.9 million as at 31 December 2014.

Non-current liabilities

Non-current liabilities increased approximately $0.8 million or 33.7% to $3.3 million as at 31 December 2014. The bulk of the increase was mainly due to an increase in loan payable relating to loan instalments repayable after one year from new term loan and finance leases secured during the period under review.

EQUITY

The Group's capital and reserves increased $7.1 million or 15.4% to $53.3 million as at 31 December 2014. This increase is mainly attributable to net profit for FY2014 partially offset by dividend distributions made during the period.

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

(S$'M)	FY2014	FY2013
Net cash generated from operating activities	17.0	4.9
Net cash used in investing activities	(1.3)	(7.3)
Net cash generated from/(used in) financing activities	2.0	(7.1)
Cash and cash equivalents at the end of the year	32.8	14.9

For the 12 months ended 31 December 2014, the Group's net cash generated from operating activities amounting to $17.0 million compared with $4.9 million in the corresponding period in FY2013. Of this, the Group's net cash of close to $12.2 million generated from operating profits before working capital changes and $5.9 million from working capital changes. This was mainly due to cash flow from decreases in trade and other receivables of $3.9 million and cash flow from increase in trade and other payables of nearly $0.7 million.

Purchase of plant and equipment mainly accounted for the $1.3 million used in investing activities. This was down from $7.3 million used in the preceding period.

New bank borrowings of approximately $3.6 million, partially offset by dividend payment of $1.0 million, accounted for the $2.0 million generated in financing activities.

The year in review saw the Group end with a robust balance sheet – with cash and bank balances amounting to $32.8 million as at 31 December 2014.

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

ACTIVE CORPORATE CITIZEN

As an active corporate citizen, we are committed to the sustainable development of our business. We aim to achieve noteworthy results for our Group and for our stakeholders while striving to effect a positive impact, and at the same time,limiting undesirable implications of our operations on the environment, the community, our employees and other stakeholders.

COMMITMENT TO OUR SHAREHOLDERS

The Group is fully committed to adhere to sound corporate governance and transparency practices to provide our existing and potential investors with timely, accurate and full disclosure in order to aid them in evaluating the Group and make informed investment decisions.

Information of the Group is available via the following channels:

1. All our corporate announcements, including interim and full-year results and presentation material, on the Singapore Exchange's SGXNET;
2. Our subsidiaries' corporate websites with easy to access business information;
3. Our investor relations email: ir@nordicflowcontrol.com
4. Analyst and media briefings in relation to our corporate updates

COMMITMENT TO THE ENVIRONMENT

Nordic is committed to protect its environment and reduce its carbon footprint by preventing pollution, minimising wastage and efficiently utilising its resources. As part of its ongoing efforts to provide sufficient and appropriate resources towards this commitment, the Group has set strict guidelines to describe the proper treatment and disposal of waste generated by the company and to prevent environmental pollution by adopting greener alternatives in its operations.

Some ways Nordic has implemented its greener alternative methodology during the course of its works include the implementation of a waste recycling programme by installing separate bins to collect reusable waste for reuse. In addition, chemical and hydrocarbon waste products such as paints, chemicals and engine oil are treated with special care and disposed of through appropriate biohazard waste disposal channels.

The folks from AWWA elderly services participating enthusiastically during the games

Group photo for Nordic Flow Control and Multiheight employees at the charity event for AWWA

We have also installed a water recycling system to reduce water wastage while utilising water blast machines to remove concrete stains and rust on scaffolding materials.

COMMITMENT TO THE COMMUNITY

We are committed to create a positive influence on our community by making contributions of various forms whenever we are able to.

In FY2014, we contributed cash donations in support of various organizations such as TOUCH Community Services which renders aid to children, youths and families with special and healthcare needs as well as Teen Challenge which seek to raise awareness and provide solutions for the marginalized in our community. Our efforts seek to support the needy and less privileged from all walks of

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

life. During the year, Nordic also participated in several community initiatives. These included collaborating with the Asian Women's Welfare Association (AWWA) Elderly Services to host a Christmas celebration for the elderly in Ang Mo Kio.

COMMITMENT TO THE EMPLOYEES

Occupational Safety & Health

Working in a highly regulated industry, the Group has adopted a culture where health and safety are given paramount importance. To this end, we have a policy that demands us to meet relevant legal and regulatory requirements and recognized industry standards. We also subscribed to the mantra that zero occupational injuries and diseases, property and environmental damage and loss time should occur in the course of our work. This can be achieved through regularly reviewing and improving of our internal processes as well as with proper planning, training and innovation.

Our subsidiary, Multiheight Scaffolding was awarded the WSH Silver Performance Award in 2014, this represented a record 10 times that the Group has received the award since 2002. This award is a testament of the Group's internal methodologies and processes which were thoroughly reviewed as part of the evaluation process of the award. This award for Multiheight serves as a benchmark and encouragement for all our businesses to strive toward.

We also participated in ExxonMobil's Weekly Safe Act during the year and was the first contractor to achieve 10 weeks of "Green" results representing the Group's robust safety practices in place.

Workforce Development

Nordic's people are its most important asset. We believe in providing our employees a safe environment to work in both from an internal control and industry standard point of view. The Group, having an established career development framework, has committed to provide equal and ample opportunities for all to upgrade their skill sets in order for them to excel.

To highlight the Group's ability to train its workers in line with industry standards, we have a Certified On-the-Job Training Centre (COJTC) at Multiheight. At our COJTC, we are able to integrate new employees with induction programmes and on-the-job training as well as boost the

Group photo of our Executive Directors and long service award recipients at 2015 Dinner and Dance

Multiheight management and team at WSH Award 2014

capabilities of existing employees by regularly sending them for upgrading and specialised training. With these sound policies and procedures in place, Nordic has positioned itself as an employer of choice in the industry.

The Group also understands the importance of work-life balance. We hold year-end celebrations in appreciation of our diligent employees who continue to work tirelessly to grow the Group's business. This year we held Annual Dinner and Dance events in Singapore and China to celebrate the Group's achievements and recognized the accomplishments of our staff in 2014. In addition, some of our staff members were treated to a restful and refreshing break and also bonded with one and other outside of work settings when our subsidiary,

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Multiheight, organized its annual Company Retreat in Malacca on September 2014.

COMMITMENT TO CUSTOMERS

We believe that repeat orders are a strong endorsement of the Group's effectiveness, safety and quality track records and capabilities. We aim to deliver customer satisfaction by meeting and surpassing our customers' expectations of the Group.

As such, upholding the quality and value of our work and handling customers with honesty and respect is of utmost importance to the Group. To achieve this, the Group has established a set of internal controls and process manuals we adhere to closely to ensure our work is completed to specification and are of high quality. We also aim to achieve "Best in Class" works through our ISO 9001:2008 quality management system requirements and by continuously investing in the training and upgrading of our workforce. In addition to these, we constantly innovate new solutions to keep abreast with the latest technology and processes in the industry and regularly review our quality policy requirements so as to adhere to stringent product and service consistency and legal requirements.

In FY2014, our subsidiary, Nordic Flow Control, clinched the Singapore Maritime Distinguished Award 2014. Supported by the Trade and Industry Association (Singapore), the award recognizes businesses that have committed themselves to excellence and spurring innovation, fair practices and development of the maritime industry. Owing to our established financial position and track record as a sustainable business, the Group was ranked in the 27th annual Singapore 1000 rankings.

As testament of our high standards in workplace safety and the quality of our products and solutions, we have won numerous awards & accreditations[1] over the years, and are also actively involved in industry associations such as:

- Member – ASIA (Access & Scaffold Industry Association)
- Member – ASPRI (Association of Process Industry)
- Member – ASMI (Association of Singapore Marine Industries)

Multiheight company retreat to Malacca in September 2014


Team bonding games carried out during Multiheight Malacca retreat

Nordic Flow Control management and team

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1 Listed on page 4

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chang Yeh Hong
Executive Chairman

Teo Ling Ling
Executive Director, Chief Executive Officer of Nordic Flow Control Pte Ltd

Lin Choon Hin
Executive Director

Lee Kim Lian Juliana
Independent Director

Ong Hua
Independent Director

Hew Koon Chan
Independent Director

AUDIT COMMITTEE
Hew Koon Chan (Chairman)
Lee Kim Lian Juliana
Ong Hua

REMUNERATION COMMITTEE
Ong Hua (Chairman)
Lee Kim Lian Juliana
Hew Koon Chan

NOMINATING COMMITTEE
Lee Kim Lian Juliana (Chairman)
Ong Hua
Hew Koon Chan
Chang Yeh Hong

REGISTERED OFFICE
5 Kwong Min Road
Singapore 628708

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARY
Thung Sim Yee (Tang Xinyi), CA (Singapore)

AUDITORS
RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road #04-08
Wilkie Edge
Singapore 228095

Partner-in-charge: Lam Chien Ju
(A member of the Institute of Singapore Chartered Accountants)
(Effective from the year ended 31 December 2014)

PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
10 Collyer Quay #30-00
Ocean Financial Centre
Singapore 049315

CIMB Bank Berhad
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

Citibank N.A.
8 Marina View #21-00
Asia Square Tower 1
Singapore 018960

DBS Bank Ltd.
12 Marina Boulevard, Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

Oversea-Chinese Banking Corporation Limited
65 Chulia Street #10-00
OCBC Centre East
Singapore 049514

Standard Chartered Bank
8 Marina Boulevard #27-01
Marina Bay Financial Centre Tower 1
Singapore 018981

United Overseas Bank Ltd
80 Raffles Place
UOB Plaza
Singapore 048624

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Nordic Group Ltd (the "Company") and its subsidiaries (the "Group") is committed to achieving high standards of corporate governance to ensure investor confidence in the Company as a trusted business enterprise. The Board and management will continue to uphold good corporate governance practices to enhance long-term value and returns for shareholders and protect shareholders' interests.

This report (the "Report") describes the Group's corporate governance practices that were in place during the financial year ended 31 December 2014 with reference made to the principles of the Code of Corporate Governance 2012 (the "Code").

The Group has complied substantially with the requirements of the Code and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where applicable.

BOARD OF DIRECTORS

Principle 1: The Board's Conduct of its Affairs

The Board provides leadership to the Group by setting the corporate policies and strategic aims. The main functions of the Board, apart from its statutory responsibilities, are to:

- Approve the broad policies, strategies and financial objectives of the Group and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Review the performance of the management and approving the nominations of Directors of the Company and appointment of key management personnel;
- Approve annual budgets, major funding proposals, investment and divestment proposals;
- Set the Group's values and standards (including ethical standards) and ensuring that the obligations to the Shareholders and other stakeholders are met; and
- Assume responsibility for corporate governance.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the management to make objective decisions in the interest of the Group.

The Board has established a number of Board Committees to assist it in discharging its responsibilities. These Board Committees operate under clearly defined terms of reference. The three (3) Board Committees are:

- Audit Committee (the "AC")
- Nominating Committee (the "NC")
- Remuneration Committee (the "RC")

CORPORATE GOVERNANCE REPORT

The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least four (4) times a year to review and approve, inter alia, the quarterly financial results of the Company, including the half-year and year-end results. The Board also meets as warranted by circumstances to supervise, direct and control the Group's business and affairs. Apart from Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing. Telephonic attendance and conference via audio communication at Board and Board Committee meetings are allowed by the Company's Articles of Association.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings during the financial year ended 31 December 2014 ("FY2014") are as follows:

	Board and Board Committees			
	Board	**Audit**	**Nominating**	**Remuneration**
No. of meeting Held	5	4	2	2
Board Members				
Chang Yeh Hong	5*	–	2	–
Teo Ling Ling	5	–	–	–
Lin Choon Hin	5	–	–	–
Hew Koon Chan	5	4*	2	2
Lee Kim Lian Juliana	5	4	2*	2
Ong Hua	4	4	2	2*

* Chairman

Certain matters specifically reserved for decision by the Board are those relating to approval of strategies and objectives of the Group, announcements of financial results, approval of annual reports and financial statements, convening of shareholders' meeting, dividend payment, major contracts, material acquisitions and disposal of assets and corporate restructuring.

During FY2014, the management kept the Directors up-to-date on pertinent developments in the business, financial reporting standards and industry-related matters. Such periodic updates were provided to the Directors to facilitate the discharge of their duties. The Directors are also encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. At each Board meeting, the Chief Executive Officers ("CEO") of the Group's respective business segments updates the Board on the business and strategic developments of the Group.

CORPORATE GOVERNANCE REPORT

Incoming Directors are briefed on the Group's business and Corporate Governance policies by senior management, to familiarize new directors with business and governance policies. Familiarization visits, including overseas offices, are organized, if necessary, to facilitate a better understanding of the Group's operations. The sessions also allow the new directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management.

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

Newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

There were no newly appointed Directors during FY2014.

Principle 2: Board Composition and Guidance

As at date of this Report, the Board comprises three (3) Executive Directors and three (3) Independent Directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of Independent Directors. Each Director has been appointed on the strength of his caliber, expertise and experience.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group.

The NC, in its deliberation as to the independence of a Director, has reviewed, determined and confirmed the independence of the Independent Directors.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

The NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure appropriate balance of skills and experience. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The NC is satisfied that the current size and composition of the Board and Board Committees is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The NC is also of the view that the Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Board includes three (3) female Directors in recognition of the importance and value of gender diversity.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Executive Chairman and the CEOs of each of the Group's respective business segments are separate persons to ensure an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability.

The Executive Chairman bears responsibility for the working of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. Additionally, the Executive Chairman plays a pivotal role in steering the strategic direction for the Board while respective subsidiary CEOs manage the business of the Group and ensures the execution of the Board's decisions.

Principle 4: Board Membership

NOMINATING COMMITTEE

The NC comprises four (4) members, a majority of whom including the Chairman are independent.

Chairman:	Lee Kim Lian Juliana	(Independent Director)
Members:	Hew Koon Chan	(Independent Director)
	Ong Hua	(Independent Director)
	Chang Yeh Hong	(Executive Director)

The main role of the NC is to make the process of Board appointments and re-appointments transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Director to the effectiveness of the Board.

When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with a particular skill, the NC, in consultation with the Board, determines the selection criteria and selects the candidates with the appropriate expertise and experience for the position.

The NC performs the following functions:–

- Review the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;
- Recommend to the Board the performance criteria and appraisal process to be used for the evaluation of individual Directors as well as the effectiveness of the Board as a whole;
- Review and recommend all nominations for appointments to the Board;
- Review and make recommendations to the Board for the re-nomination/re-election of Directors, having regard to the individual director's contribution and performance;
- Assess annually whether or not a Director is independent;
- Review and approve any new employment of related persons and the proposed terms of their employment.

CORPORATE GOVERNANCE REPORT

The Articles of Association of the Company require one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting. In addition, all Directors of the Company shall retire from office at least once every three years.

Pursuant to the one-third rotation rule, Mr Chang Yeh Hong and Ms Lee Kim Lian Juliana will retire and submit themselves for re-appointment at the forthcoming AGM. The NC is satisfied that the Directors retiring in accordance with Article 104 of the Company's Articles of Association at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution in terms of guidance and time devoted to Board affairs.

On the matter of multiple board representations, and to address the issue of competing time commitments, the Board has endorsed the NC's recommendation that each Director should not hold in excess of six (6) listed company board representations.

As at the date of this Report, the Board does not have any Independent Director who has served beyond nine (9) years from his or her date of appointment. The Company does not have any alternate Director.

The Company has established the following process for the selection and appointment of new Directors:

- The NC determines a suitable size of the Board and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the Group's operations;

- The NC considers various sources of seeking suitable candidate(s) or recommendations from, among others, Directors, business associates and advisors;

- Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail, among others, their qualification, working experience and employment history;

- The NC evaluates candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other present and past directorships; and

- The NC makes recommendation to the Board for approval. The Board is to ensure that the candidate is aware of the expectations and the level of commitment required.

Key information of each member of the Board including directorships and chairmanships, both present and those held over the preceding three (3) years, in other listed companies and other major appointments, academic/professional qualifications, membership/chairmanship in the Board Committees can be found under pages 9 and 10 of this Annual Report.

Principle 5: Board Performance

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Director. The objective of the annual appraisal is to identify areas for improvement and to implement appropriate action. The appraisal process focuses on a set of performance criteria which includes qualitative and quantitative factors such as principal functions, fiduciary duties, attendance record, level of participation at meetings, and guidance provided to the management.

CORPORATE GOVERNANCE REPORT

All the Directors were requested to complete a Board Assessment Checklist and Individual Director Form designed to seek their views on the performance criteria so as to assess the overall performance and effectiveness of the Board and individual Director. The checklists and forms were completed and submitted to the company secretary for collation and the consolidated responses were presented to the NC for review and discussion before making any recommendations to the Board. The NC has reviewed the overall performance and effectiveness of the Board and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that each Director has been adequately carrying out his or her duties as a Director of the Company.

The NC has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

Principle 6: Access to Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. Senior management attends Board Meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company's senior management at all times.

To allow directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors a week in advance of the meeting. Any additional material or information requested by the Directors is promptly furnished.

In order to ensure that the Board is able to fulfill its responsibilities, the management provides the Board with regular updates of the financial position of the Group. The Directors have been provided with the phone numbers and email particulars of the Company's key management personnel to facilitate separate and independent access.

The Company Secretary attends Board and Board Committee meetings and is responsible for ensuring that the Board Meeting procedures are followed and that applicable rules, acts and regulations are complied with.

The Company Secretary attends and prepares minutes for all Board and Board Committee meetings. As Secretary for all the Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and the management. The Company Secretary assists the Chairman, the Chairman of each Board Committee and the management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Each Director, whether individually or as a group, has the right to seek independent professional advice as and when necessary, in furtherance of their duties. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three (3) members, all of whom including the Chairman are independent.

Chairman:	Ong Hua	(Independent Director)
Members:	Hew Koon Chan	(Independent Director)
	Lee Kim Lian Juliana	(Independent Director)

To minimize the risk of any potential conflict of interest, each member of the RC shall abstain from voting on any resolution in respect of his or her remuneration package.

The Company may also engage an external consultant to advise on all remuneration and related matters of Directors and senior management, as and when circumstances require to ensure that the Directors' remuneration is fair and reasonable and benchmarked against comparable companies.

The Executive Directors' remuneration packages are based on their respective service agreements. These include a profit sharing scheme that is performance related to align their interests with those of the shareholders.

Independent Directors are paid Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The principal terms of reference of the RC are as follows:

- Review and recommend to the Board an appropriate framework for remuneration and the specific remuneration packages and terms of employment for each Executive Director, CEO and key executives;

- Review the remuneration packages of employees related to any Director, controlling shareholder and/or executive officer of the Group to ensure that these are in line with staff remuneration guidelines;

- Oversee the award of share options and the payment of fees to Non-Executive Directors and to ensure the quantum commensurate with the Non-Executive Directors' contribution to the Board and the Company;

- Structure a portion of Executive Director's remuneration package so as to link rewards to Group or corporate and individual performance;

- Review and recommend to the Board the eligibility of the Directors under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes;

- Review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired;

CORPORATE GOVERNANCE REPORT

- Review and recommend to the Board the fixed appointment period for all Executive Directors and the compensation commitments of directors' contracts of service, if any, in the event of early termination;

- Consider the various disclosure requirements for Directors' remuneration; particularly those required by Singapore Exchange Securities Trading Limited and other regulatory bodies and to ensure and enhance transparency between the Company and relevant interested parties;

- Recommend to the Board any appropriate extensions or changes in the duties and powers of the Committee; and

- Retain such professional consultancy firm as deemed necessary for the Committee to discharge its duties.

The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are reviewed by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director. No individual Director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

The remuneration package of the Executive Directors and key members of executive management generally comprises two components. One component is fixed in the form of a base salary, car allowance and handphone allowance. The other component is variable consisting of incentive bonuses.

The incentive bonuses are dependent on the financial performance of the Group as the RC strongly supports and endorses the flexible wage system which gives the Group more flexibility to ride through economic downturns. The RC has adopted set profitability levels to be achieved before incentive bonuses are payable.

The Independent Directors are paid Directors' fees for their efforts and time spent, responsibilities and contributions to the Board, subject to the approval by shareholders at the Annual General Meeting.

There are no termination or retirement benefits that are granted to the Directors. The Company has contractual provisions to allow the Company to reclaim performance-based components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of restatement of financial results. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

The level and mix of remuneration (in percentage terms) of the Directors for FY2014 is as follows:

DIRECTORS' REMUNERATION (To disclose per Guideline 9.2 of Code)

Name	Remuneration (S$'000)	Fee	Salary	Bonus	Allowance	Total
Chang Yeh Hong	715	–	52%	43%	5%	100%
Dorcas Teo Ling Ling	377	–	51%	41%	8%	100%
Eric Lin Choon Hin	354	–	48%	43%	9%	100%
Lee Kim Lian Juliana	37	*100%	–	–	–	100%
Ong Hua	37	*100%	–	–	–	100%
Hew Koon Chan	39	*100%	–	–	–	100%

* These fees have been approved by the shareholders at the AGM on 25 April 2014.

No option has been granted to the above Directors.

The breakdown of remuneration of the Group's top five key executives (who are not Directors) in percentage terms for FY2014 is as follows:

Remuneration of Key Executives

Total remuneration paid to the top 5 key management personnel (who are not directors) for the year ended 31 December 2014 was S$710,000. The breakdown in percentage terms are set out below:

Name	Salary	Bonus	Allowance	Total
Up to $250,000				
Rodney Koh Wei Ming*	64%	12%*	24%	100%
Catherine Thung Sim Yee	81%	18%	1%	100%
Chou Chee Fatt	81%	18%	1%	100%
Jeanette Lee Mei Hue	76%	19%	5%	100%
Bong Boon Hean	83%	16%	1%	100%

* Rodney Koh Wei Ming's 2014 bonus payable in April 2015.

No option has been granted to the above key executives.

CORPORATE GOVERNANCE REPORT

Remuneration of Employee who is an immediate family member of a Director

Name	Related To	Remuneration
Bong Boon Hean	Cousin of Dorcas Teo Ling Ling, our Director	Below $150,000

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board reviews and approves the results as well as any announcements before its release. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of Group's performance, position and prospects. This responsibility is extended to regulators.

Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET.

The Board also reviews legislation and regulatory compliance with management to ensure that the Group complies with the relevant regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Risk Management and Internal Controls

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and maintain accountability of its assets. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

Management has established the Group's risk profile which identifies the material risks faced by the Group and the counter measures that are in place to manage or mitigate those risks. The Group's risk profile is reviewed by the AC and the Board annually to ensure regular assessment and update of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanism in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

The external auditors and internal auditors conducted annual review of the effectiveness of the Group's key internal controls including financial, operational and compliance controls and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

CORPORATE GOVERNANCE REPORT

Based on the reports submitted by the external and internal auditors, the actions taken by the Group on the recommendations made by the external and internal auditors, the various management controls put in place and the continuing efforts at enhancing such controls, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls systems addressing financial, operational, compliance and information technology risks, were adequate in meeting the needs of the Group in its current business environment as at 31 December 2014.

The Board and the AC have also received assurances from the Chairman and the Group Financial Controller that the Group's internal control systems in place is adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

Principle 12: Audit Committee

The AC comprises three (3) members, all of whom including the Chairman are independent.

Chairman:	Hew Koon Chan	(Independent Director)
Members:	Lee Kim Lian Juliana	(Independent Director)
	Ong Hua	(Independent Director)

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly.

The terms of reference of the AC are as follows:–

- Review the audit plans of the external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;

- Review the annual, periodic consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and compliance with financial reporting standards before submission to the Board for approval;

- Review and report to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls;

- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators or the Listing Manual, as may be made thereto from time to time;

- Review the assistance given by the Company's officers to the external and internal auditors;

- Nominate the appointment, re-appointment and removal of external auditors including approval of remuneration and terms of engagement;

- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange Securities Trading Limited;

CORPORATE GOVERNANCE REPORT

- Review any potential conflicts of interest;
- Review the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC for independent investigation and follow up actions;
- Undertake such other reviews and projects as may be requested by the Board and report findings to the Board;
- Review the nature and extent of non-audit services provided by the external auditors;
- Review with the management and the internal auditor the adequacy of the Company's internal controls in respect of management, business and services systems and practices;
- Review and approve foreign exchange hedging policies implemented by the Group;
- Review and discuss with auditors any suspected fraud or irregularity or failure of internal controls or infringement of any laws, rules or regulation; and
- Undertake such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Summary of the Audit Committee's Activities

The AC met four (4) times during the year under review. Details of members and their attendance at meetings are provided in page 22. The Group Financial Controller, internal auditors and external auditors are invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and has had the full cooperation of the management and employees. It also has the full discretion to invite any Director or any member of the management to attend its meetings.

During FY2014, the AC has met the external auditors and internal auditors, without the presence of the Company's management, at least once a year. This meeting enabled the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

Pursuant to the requirement in the SGX-ST's Listing Manual, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current RSM Chio Lim LLP's audit partner for the Company took over from the previous audit partner with effect since FY2014. In appointing auditors for the Company, subsidiaries and significant associated companies, the Company has complied with Rules 712 and 715 of the SGX-ST's Listing Manual.

The AC has reviewed the amount of non-audit related services rendered to the Group by the external auditors. During the year 2014, the fees paid to RSM Chio Lim LLP and its affiliate for non-audit related services amounted to S$33,000 or 26.4% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC has recommended their nomination for re-appointment as external auditors of the Company to the Board.

CORPORATE GOVERNANCE REPORT

The Company has put in place a whistle-blowing framework ("Speaking Up Policy"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

Details of the Speaking Up Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to appropriate external advice where necessary.

There were no reported incidents pertaining to the Speaking Up Policy during FY2014.

Principle 13: Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company is out-sourced to KPMG Services Pte Ltd (KPMG). The IA report primarily to the Chairman of the AC and has full access to the documents, records properties and personnel of the Group.

In accordance with FY2014 Internal Audit Plan, KPMG carried out audits on Nordic Flow Control Pte Ltd, Nordic Flow Control (Suzhou) Co., Ltd and Avitools (Suzhou) Co., Ltd. Findings and recommendations raised during these audits have been rectified or accepted by the Company.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' interests and the Group's businesses and assets while the management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC, to conduct regular audits of high risk areas and to report their findings to the AC for review by both the AC and the Board.

Following the review of the internal auditors' internal audit plan and its evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in our Company.

Shareholders are given opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated through Annual Report or Circular to shareholders.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency through timely communication of information to shareholders and the public. It is the Company's policy that all shareholders and the public be informed of all major developments that impact the Group on a timely basis. Communication is made through:

- Annual reports that are issued to all shareholders, soft copies of which may be accessed through the SGX-ST website;
- Announcement of quarter, half-year and full-year results on the SGXNET;
- Disclosure on the SGXNET; and
- Press releases on major developments of the Company.

Principle 16: Conduct of Shareholder Meetings

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.

If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

The Board takes note that there should be separate resolution at general meetings on each substantially separate issue and supports the Code's principle as regards to "bundling" of resolutions.

Resolutions are as far as possible, structured separately and are voted on independently.

All Directors including Chairpersons of the Board, AC, RC and NC and senior management are in attendance at the Annual General Meetings ("AGMs") and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or management questions regarding the Company. The external auditors are also invited to attend the AGMs and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit the preparation and contents of the auditors' report.

The minutes of general meetings which include queries from Shareholders and responses from the Board will be made available to Shareholders upon written request.

The Company will be required to conduct its voting at general meetings by poll effective from 1 August 2015 where shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted.

In view of the above, the Company will be reviewing its Articles of Association in preparation of the adoption of poll voting and to align the relevant provisions with the requirements of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length basis.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual. For the financial year under review, there have been interested person transactions but these are below $100,000 in aggregate.

SECURITIES TRANSACTION

The Company has issued a policy on dealings in the securities of the Company to its Directors and key employees (including employees with access to price-sensitive information to the Company's shares), setting out the implications of insider trading and guidance on such dealings.

The Company's officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's full-year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director or controlling shareholder in FY2014.

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DIRECTORS' REPORT

The directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 31 December 2014.

1. Directors at Date of Report

The directors of the Company in office at the date of this report are:

Executive Directors:
Chang Yeh Hong
Teo Ling Ling
Lin Choon Hin

Independent Directors:
Lee Kim Lian Juliana
Ong Hua
Hew Koon Chan

2. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as mentioned below.

3. Directors' Interests in Shares and Debentures

The directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year	At 21 January 2015
The Company – Nordic Group Limited	**Number of shares of no par value**		
Chang Yeh Hong	205,406,625	205,406,625	205,406,625
Teo Ling Ling	29,000,000	30,000,000	30,000,000
Lin Choon Hin	43,500,000	43,500,000	43,500,000

By virtue of section 7 of the Act, Chang Yeh Hong is deemed to have an interest in the Company and in all the related corporations of the Company.

DIRECTORS' REPORT

4. Contractual Benefits of Directors

Since the beginning of the reporting year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

There were certain transactions (shown in the financial statements under related party transactions) with a corporation in which certain directors have an interest.

5. Share Options

During the reporting year, no option to take up unissued shares of the Company or any subsidiary in the Group was granted.

During the reporting year, there were no shares of the Company or any subsidiary in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the Company or any subsidiary in the Group under option.

6. Audit Committee

The members of the audit committee at the date of this report are as follows:–

Hew Koon Chan	(Chairman of the audit committee and Independent Director)
Lee Kim Lian Juliana	(Independent Director)
Ong Hua	(Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

DIRECTORS' REPORT

6. Audit Committee (Continued)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

7. Independent Auditor

The independent auditor, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

8. Directors' Opinion on the Adequacy of Internal Controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2014.

9. Subsequent Developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 27 February 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Chang Yeh Hong
Director

Teo Ling Ling
Director

08 April 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results, and cash flows of the Group and changes in equity of the Company and of the Group for the reporting year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors

Chang Yeh Hong
Director

Teo Ling Ling
Director

08 April 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORDIC GROUP LIMITED (REGISTRATION NO: 201007399N)

Report on the Financial Statements

We have audited the accompanying financial statements of Nordic Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORDIC GROUP LIMITED (REGISTRATION NO: 201007399N)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

08 April 2015

Partner in charge of audit: Lam Chien Ju
Effective from year ended 31 December 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Notes	Group 2014 $'000	Group 2013 $'000
Revenue	5	**72,424**	66,220
Cost of sales		**(48,014)**	(44,803)
Gross profit		**24,410**	21,417
Other items of income			
Interest income	6	**210**	43
Other gains	7	**842**	1,028
Other items of expense			
Marketing and distribution costs		**(856)**	(633)
Administrative expenses	9	**(14,655)**	(14,078)
Finance costs	8	**(573)**	(732)
Other losses	7	**(209)**	(359)
Profit before tax from continuing operations		**9,169**	6,686
Income tax expense	11	**(1,303)**	(584)
Profit from continuing operations, net of tax		**7,866**	6,102
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**175**	385
Other comprehensive income for the year, net of tax		**175**	385
Total comprehensive income		**8,041**	6,487
Profit attributable to owners of the parent, net of tax		**7,854**	6,102
Profit attributable to non-controlling interests, net of tax		**12**	–
Profit net of tax		**7,866**	6,102
Total comprehensive income attributable to owners of the parent		**8,029**	6,487
Total comprehensive income attributable to non-controlling interests		**12**	–
Total comprehensive income		**8,041**	6,487
Earnings per share			
Earnings per share currency unit		**Cents**	Cents
Basic	12	**2.0**	1.5
Diluted	12	**2.0**	1.5

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Notes	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**13,421**	14,033	**–**	–
Investments in subsidiaries	15	**–**	–	**1,350**	1,350
Intangible assets	16	**190**	570	**–**	–
Goodwill	17	**12,292**	12,292	**–**	–
Total non-current assets		**25,903**	26,895	**1,350**	1,350
Current assets					
Inventories	18	**7,315**	7,820	**–**	–
Trade and other receivables	19	**23,925**	27,728	**14,951**	15,471
Other assets	20	**568**	1,311	**2**	–
Cash and cash equivalents	21	**32,799**	14,852	**13,057**	8,483
Total current assets		**64,607**	51,711	**28,010**	23,954
Total assets		**90,510**	78,606	**29,360**	25,304
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	**22,439**	22,439	**22,439**	22,439
Retained earnings		**30,153**	23,338	**3,889**	2,406
Other reserves	23	**627**	413	**–**	–
Equity, attributable to owners of the parent		**53,219**	46,190	**26,328**	24,845
Non-controlling interests		**72**	–	**–**	–
Total equity		**53,291**	46,190	**26,328**	24,845
Non-current liabilities					
Deferred tax liabilities	11	**200**	280	**–**	–
Other financial liabilities	25	**3,110**	2,195	**–**	–
Total non-current liabilities		**3,310**	2,475	**–**	–
Current liabilities					
Income tax payable		**1,220**	884	**7**	6
Trade and other payables	24	**10,479**	9,713	**3,025**	453
Other financial liabilities	25	**22,210**	19,344	**–**	–
Total current liabilities		**33,909**	29,941	**3,032**	459
Total liabilities		**37,219**	32,416	**3,032**	459
Total equity and liabilities		**90,510**	78,606	**29,360**	25,304

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Total Equity $'000	Attributable to Parent Sub-total $'000	Share Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve $'000	Statutory Reserve $'000	Non-Controlling Interests $'000
Group							
Current year:							
Opening balance at 1 January 2014	**46,190**	**46,190**	**22,439**	**23,338**	**217**	**196**	**–**
Movements in equity:							
Total comprehensive income for the year	**8,041**	**8,029**	**–**	**7,854**	**175**	**–**	**12**
Contribution to subsidiary (Note 15)	**60**	**–**	**–**	**–**	**–**	**–**	**60**
Transfer to statutory reserve (Note 23)	**–**	**–**	**–**	**(39)**	**–**	**39**	**–**
Dividends paid (Note 13)	**(1,000)**	**(1,000)**	**–**	**(1,000)**	**–**	**–**	**–**
Closing balance at 31 December 2014	**53,291**	**53,219**	**22,439**	**30,153**	**392**	**235**	**72**
Previous year:							
Opening balance at 1 January 2013	40,703	40,703	22,439	18,236	(168)	196	–
Movements in equity:							
Total comprehensive income for the year	6,487	6,487	–	6,102	385	–	–
Dividends paid (Note 13)	(1,000)	(1,000)	–	(1,000)	–	–	–
Closing balance at 31 December 2013	46,190	46,190	22,439	23,338	217	196	–

	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Company			
Current year:			
Opening balance at 1 January 2014	**24,845**	**22,439**	**2,406**
Movements in equity:			
Total comprehensive income for the year	**2,483**	**–**	**2,483**
Dividends paid (Note 13)	**(1,000)**	**–**	**(1,000)**
Closing balance at 31 December 2014	**26,328**	**22,439**	**3,889**
Previous year:			
Opening balance at 1 January 2013	25,717	22,439	3,278
Movements in equity:			
Total comprehensive income for the year	128	–	128
Dividends paid (Note 13)	(1,000)	–	(1,000)
Closing balance at 31 December 2013	24,845	22,439	2,406

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	2014 $'000	2013 $'000
Cash flows from operating activities		
Profit before tax	**9,169**	6,686
Adjustments for:		
Interest expense	**573**	732
Interest income	**(210)**	(43)
Dividend income	**(150)**	–
(Gain)/loss on disposal of property, plant and equipment	**(1)**	9
Loss on disposal of subsidiary	**43**	–
Loss on disposal of financial assets	**(49)**	–
Depreciation of property, plant and equipment	**2,583**	2,638
Amortisation of intangible assets	**380**	379
Foreign exchange adjustment unrealised gains	**(175)**	(690)
Operating cash flows before changes in working capital	**12,163**	9,711
Inventories	**596**	554
Trade and other receivables	**3,852**	(7,301)
Other assets	**748**	458
Trade and other payables	**732**	2,280
Net cash flows from operations	**18,091**	5,702
Income taxes paid	**(1,047)**	(819)
Net cash flows from operating activities	**17,044**	4,883
Cash flows from investing activities		
Additional cash consideration paid on acquisition of subsidiaries (Note 26)	**–**	(3,064)
Purchase of property, plant and equipment (Note 21A)	**(1,678)**	(4,274)
Disposal of property, plant and equipment	**1**	26
Interest received	**210**	43
Dividend received	**150**	–
Net cash flows used in investing activities	**(1,317)**	(7,269)
Cash flows from financing activities		
Decrease in other financial liabilities	**(6,977)**	(5,314)
Increase in borrowings	**10,614**	–
Finance leases repayments	**(42)**	(35)
Interest paid	**(573)**	(732)
Dividends paid to equity owners	**(1,000)**	(1,000)
Net cash flows from/(used in) financing activities	**2,022**	(7,081)
Net increase (decrease) in cash and cash equivalents	**17,749**	(9,467)
Effects of exchange rate changes on the balance of cash held in foreign currencies	**198**	354
Cash and cash equivalents, statement of cash flows, beginning balance	**14,852**	23,965
Cash and cash equivalents, statement of cash flows, ending balance (Note 21)	**32,799**	14,852

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the Company are those of an investment holding company and providing management and administrative support to its subsidiaries. It is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: No. 5 Kwong Min Road, Singapore 628708. The Company is situated in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

Segment Reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Business Combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling Interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting year measured by the proportion of the cost incurred to date bears to the estimated total cost of the transaction and the amount of revenue, stage of completion, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Interest is recognised using the effective interest method. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Construction Contracts – Revenue and Results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting year using (a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed by the customer. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular contract. Recognised revenues and profits are subject to revisions during the contract in the event that the assumptions regarding the overall contract outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress contracts have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

When the outcome of a construction contract cannot be estimated reliably: (a) revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and (b) contract costs are recognised as an expense in the period in which they are incurred.

Employee Benefits

Certain subsidiaries operate defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to profit or loss in the period to which they relate. This plan is in addition to the contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign Currency Transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Property, Plant and Equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	–	4% to 9%
Plant and equipment	–	9% to 33.3%
Renovations	–	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives of customer contracts are 4 years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are measured at the lower of cost (first in first out method, weighted average method and specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial Assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Classification of Equity and Liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Revenue recognition:

On construction contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at end of the reporting year date by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

2. Summary of Significant Accounting Policies (Continued)

Critical Judgements, Assumptions and Estimation Uncertainties (Continued)

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year was $7,315,000 (2013: $7,820,000).

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

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2. Summary of Significant Accounting Policies (Continued)

Critical Judgements, Assumptions and Estimation Uncertainties (Continued)

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is $7,992,000 (2013: $8,149,000).

Assessment of impairment of goodwill and intangible assets:

The amounts of goodwill and intangible assets are tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 17, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill and intangible assets balances in the future. Actual outcomes could vary from these estimates.

3. Related Party Relationships and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is Chang Yeh Hong, a director and significant shareholder.

NOTES TO THE FINANCIAL STATEMENTS

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3. Related Party Relationships and Transactions (Continued)

3A. Related Companies:

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3B. Related Parties Other than Related Companies:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. The transactions were not significant.

3C. Key Management Compensation:

	Group	
	2014	**2013**
	$'000	**$'000**
Salaries and other short-term employee benefits	**1,989**	1,567

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2014	**2013**
	$'000	**$'000**
Remuneration of directors of the Company	**1,446**	893
Fees to directors of the Company	**113**	100

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel totalling more than five persons.

NOTES TO THE FINANCIAL STATEMENTS

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3. Related Party Relationships and Transactions (Continued)

3D. Other Receivables from and Other Payables to Related Parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Related parties	
	2014	**2013**
	$'000	**$'000**
Group		
Other receivables:		
Balance at beginning of the year	**1,200**	1,267
Amounts paid in and settlement of liabilities on behalf of the Company	**–**	(67)
Balance at end of the year	**1,200**	1,200

4. Financial Information by Operating Segments

4A. Information about Reportable Segment Profit or Loss, Assets and Liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) System Integration, (2) Maintenance, Repair and Overhaul ("MRO") and Trading, (3) Precision Engineering, (4) Scaffolding Services. The results of all other activities, mainly investment holding which is not included within the four primary segments, are included in the "others" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Information by Operating Segments (Continued)

4A. Information about Reportable Segment Profit or Loss, Assets and Liabilities (Continued)

The four major strategic operating segments and the types of products and services are as follows:

(1) System Integration – provides engineering, design, procurement, construction and commission services;

(2) MRO and Trading – provides maintenance, repair, and overhaul services to conversion works including trading and supply of material, spare parts and components;

(3) Precision Engineering – provides design, procurement and machining services; and

(4) Scaffolding Services – provides scaffolding works for refinery, marine and construction industries and sales and rental of tubular frame and aluminium scaffold.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is the gross profit.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. Financial Information by Operating Segments (Continued)

4B. Profit or Loss from Continuing Operations and Reconciliations

	System Integration $'000	MRO and Trading $'000	Precision Engineering $'000	Scaffolding Services $'000	Others $'000	Elimination $'000	Group $'000
Continuing operations 2014							
Revenue by segment							
Total revenue by segment	45,688	4,679	16,092	26,373	150	(20,558)	72,424
Inter-segment sales	(17,359)	(96)	(2,746)	(357)	–	20,558	–
External revenue	28,329	4,583	13,346	26,016	150	–	72,424
Gross profit	5,686	1,433	2,154	14,987	150	–	24,410
Marketing and distribution costs	(555)	(70)	(88)	(143)	–	–	(856)
Administrative expenses	(3,961)	(635)	(1,022)	(9,037)	–	–	(14,655)
Finance costs	(288)	(44)	(20)	(221)	–	–	(573)
Other losses	–	–	(32)	–	(49)	–	(81)
	882	684	992	5,586	101	–	8,245
Other unallocated items							924
Profit before tax from continuing operations							9,169
Income tax expense	(192)	(147)	(143)	(821)			(1,303)
Profit from continuing operations, net of tax							7,866

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. Financial Information by Operating Segments (Continued)

4B. Profit or Loss from Continuing Operations and Reconciliations (Continued)

	System Integration $'000	MRO and Trading $'000	Precision Engineering $'000	Scaffolding Services $'000	Elimination $'000	Group $'000
Continuing operations 2013						
Revenue by segment						
Total revenue by segment	36,694	3,374	13,846	29,794	(17,488)	66,220
Inter-segment sales	(14,193)	(197)	(2,644)	(454)	17,488	–
External revenue	22,501	3,177	11,202	29,340	–	66,220
Gross profit	3,596	1,877	1,772	14,172	–	21,417
Marketing and distribution costs	(431)	(55)	(63)	(84)	–	(633)
Administrative expenses	(3,625)	(609)	(1,104)	(8,740)	–	(14,078)
Finance costs	(135)	(20)	(22)	(555)	–	(732)
Other losses	–	(65)	–	(42)	–	(107)
	(595)	1,128	583	4,751	–	5,867
Other unallocated items						819
Profit before tax from continuing operations						6,686
Income tax expense	–	–	2	(586)	–	(584)
Profit from continuing operations, net of tax						6,102

4C. Assets and Reconciliations

	System Integration $'000	MRO and Trading $'000	Precision Engineering $'000	Scaffolding Services $'000	Group $'000
2014					
Total assets for reportable segments	**29,331**	**5,142**	**11,350**	**31,228**	**77,051**
Unallocated:					
Cash and cash equivalents					**13,057**
Other receivables, prepayments and deposits					**402**
Total group assets					**90,510**
2013					
Total assets for reportable segments	24,216	2,827	11,271	31,397	69,711
Unallocated:					
Cash and cash equivalents					8,483
Other receivables, prepayments and deposits					412
Total group assets					78,606

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. Financial Information by Operating Segments (Continued)

4D. Liabilities and Reconciliations

	System Integration $'000	MRO and Trading $'000	Precision Engineering $'000	Scaffolding Services $'000	Group $'000
2014					
Total liabilities for reportable segments	**11,825**	**1,386**	**2,658**	**6,684**	**22,553**
Unallocated:					
Trade and other payables					**963**
Other financial liabilities					**13,696**
Income tax payable					**7**
Total group liabilities					**37,219**
2013					
Total liabilities for reportable segments	9,131	1,136	2,045	5,101	17,413
Unallocated:					
Trade and other payables					453
Other financial liabilities					14,544
Income tax payable					6
Total group liabilities					32,416

4E. Other Material Items and Reconciliations

	System Integration $'000	MRO and Trading $'000	Precision Engineering $'000	Scaffolding Services $'000	Group $'000
Expenditures for non-current assets					
2014	**205**	**37**	**1,047**	**605**	**1,894**
2013	408	79	1,916	1,912	4,315
Depreciation and amortisation					
2014	**551**	**65**	**941**	**1,406**	**2,963**
2013	569	67	750	1,631	3,017

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Information by Operating Segments (Continued)

4F. Geographical Information

	Revenue		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
China	**49,080**	35,444	**6,286**	6,114
Korea	**54**	127	**–**	–
Singapore	**37,739**	41,365	**19,617**	20,781
Others	**6,109**	6,772	**–**	–
Elimination	**(20,558)**	(17,488)	**–**	–
	72,424	66,220	**25,903**	26,895

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4G. Information about Major Customers

	Group	
	2014	2013
	$'000	$'000
Top 1 customer	**4,303**	8,073
Top 2 customers	**8,468**	13,872
Top 3 customers	**11,450**	17,192
Top 4 customers	**14,188**	19,547

5. Revenue

	Group	
	2014	2013
	$'000	$'000
Amount recognised from construction contracts	**32,119**	25,663
Rendering of services	**26,598**	29,345
Sales of goods	**13,482**	11,169
Other income	**75**	43
Dividend income from quoted corporation	**150**	–
	72,424	66,220

NOTES TO THE FINANCIAL STATEMENTS

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6. Interest Income

	Group 2014 $'000	Group 2013 $'000
Interest income from banks	**210**	43

7. Other Gains and (Other Losses)

	Group 2014 $'000	Group 2013 $'000
Allowance for impairment on trade receivables – loss	**(32)**	(107)
Foreign exchange adjustments gains	**560**	759
Gain/(loss) on disposal of property, plant and equipment	**1**	(9)
Government grant	**217**	72
Inventories written down	**(85)**	(243)
Loss on disposal of subsidiary	**(43)**	–
Loss on disposal of financial assets	**(49)**	–
Others	**64**	197
Net	**633**	669
Presented in profit or loss as:		
Other gains	**842**	1,028
Other losses	**(209)**	(359)
Net	**633**	669

8. Finance Costs

	Group 2014 $'000	Group 2013 $'000
Interest expense to bank	**573**	732

9. Administrative Expenses

The major components include the following:

	Group 2014 $'000	Group 2013 $'000
Employee benefits expense (Note 10)	**6,548**	6,143
Overseas service centre	**120**	162

NOTES TO THE FINANCIAL STATEMENTS

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10. Employee Benefits Expense

	Group	
	2014	**2013**
	$'000	**$'000**
Employee benefits expense	**15,833**	15,255
Contributions to defined contribution plan	**2,924**	2,783
Total employee benefits expense	**18,757**	18,038
Charged to profit or loss included in cost of sales	**11,760**	11,519
Charged to profit or loss included in administrative expenses	**6,548**	6,143
Charged to profit or loss included in marketing and distribution costs	**449**	376
Total employee benefits expense	**18,757**	18,038

11. Income Tax

11A. Components of Tax Expense Recognised in Profit or Loss Include:

	Group	
	2014	**2013**
	$'000	**$'000**
Current tax expense:		
Current tax expense	**1,243**	891
Under/(over) adjustments in respect of prior periods	**140**	(206)
Subtotal	**1,383**	685
Deferred tax income:		
Deferred tax income	**(80)**	(101)
Subtotal	**(80)**	(101)
Total income tax expense	**1,303**	584

NOTES TO THE FINANCIAL STATEMENTS

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11. Income Tax (Continued)

11A. Components of Tax Expense Recognised in Profit or Loss Include: (Continued)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2013: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2014	**2013**
	$'000	**$'000**
Profit before tax	**9,169**	6,686
Income tax expense at the above rate	**1,559**	1,137
Expenses not deductible for tax purposes	**478**	–
Not liable to tax	**(141)**	(244)
Income not subject to tax	**(510)**	(92)
Under/(over) adjustments to tax in respect of prior periods	**140**	(206)
Effect of different tax rates in different countries	**56**	(56)
(Recognised)/unrecognised deferred tax assets	**(332)**	171
Corporate income tax rebate	**(120)**	–
Other minor items less than 3% each	**173**	(126)
Total income tax expense	**1,303**	584

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred Tax Income Recognised in Profit or Loss Include:

	Group	
	2014	**2013**
	$'000	**$'000**
Excess of book over tax depreciation on plant and equipment	**(129)**	(37)
Excess of book over tax depreciation on intangible assets	**50**	(65)
Provisions	**61**	(61)
Tax loss carryforwards	**173**	(12)
Others	**97**	(97)
(Recognised)/unrecognised deferred tax assets	**(332)**	171
Total deferred income tax expense recognised in profit or loss	**(80)**	(101)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

11. Income Tax (Continued)

11C. Deferred Tax Balance in the Statements of Financial Position:

	Group	
	2014	**2013**
	$'000	**$'000**
From deferred tax liabilities recognised in profit or loss:		
Excess of book value of plant and equipment over tax values	**(170)**	(299)
Excess of book value of intangible assets over tax values	**(146)**	(96)
Provisions	**5**	66
Unutilised merger and acquisition allowances	**80**	80
Tax loss carryforwards	**95**	268
Others	**–**	97
Unrecognised deferred tax assets	**(64)**	(396)
Net balance	**(200)**	(280)

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax assets have not been recognised in respect of the remaining balance, as the future profit streams are not probable.

For Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

For the People's Republic of China companies, future income tax benefits from tax loss carryforwards and temporary differences from capital allowances can be carried forward for 5 years.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

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12. Earnings Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

		Group	
		2014	2013
		$'000	$'000
A.	Numerators: earnings attributable to equity:		
	Continuing operations: attributable to equity holders	**7,854**	6,102
B.	Total basic earnings	**7,854**	6,102
C.	Diluted earnings	**7,854**	6,102
		'000	'000
D.	Denominators: weighted average number of equity shares		
	Basic	**400,000**	400,000
E.	Diluted	**400,000**	400,000

The weighted average number of equity shares refers to shares in circulation during the reporting period.

Both basic and diluted earnings per share are the same as there are no dilutive ordinary share equivalents outstanding during the reporting years.

13. Dividends on Equity Shares

	Group			
	Rate per share – cents			
	2014	2013	2014	2013
			$'000	$'000
Final tax exempt (one-tier) dividend paid	**0.25**	0.25	**1,000**	1,000

In respect of the current reporting year, the directors propose that a final dividend of 0.25 cents per share and special dividend of 0.25 cents per share with a total of $2,000,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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14. Property, Plant and Equipment

	Leasehold property $'000	Renovations $'000	Plant and equipment $'000	Total $'000
Group				
Cost:				
At 1 January 2013	5,673	452	30,172	36,297
Foreign exchange adjustments	–	33	584	617
Additions	147	606	3,562	4,315
Disposals	–	–	(211)	(211)
At 31 December 2013	5,820	1,091	34,107	41,018
Foreign exchange adjustments	–	20	187	207
Additions	–	166	1,728	1,894
Disposals	–	–	(1,498)	(1,498)
At 31 December 2014	**5,820**	**1,277**	**34,524**	**41,621**
Accumulated depreciation:				
At 1 January 2013	272	233	23,715	24,220
Foreign exchange adjustments	–	19	302	321
Disposals	–	–	(194)	(194)
Depreciation for the year	433	70	2,135	2,638
At 31 December 2013	705	322	25,958	26,985
Foreign exchange adjustments	–	17	113	130
Disposals	–	–	(1,498)	(1,498)
Depreciation for the year	436	188	1,959	2,583
At 31 December 2014	**1,141**	**527**	**26,532**	**28,200**
Carrying value:				
At 1 January 2013	5,401	219	6,457	12,077
At 31 December 2013	5,115	769	8,149	14,033
At 31 December 2014	**4,679**	**750**	**7,992**	**13,421**

NOTES TO THE FINANCIAL STATEMENTS

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14. Property, Plant and Equipment (Continued)

Allocation of the depreciation expense:

	Group	
	2014	**2013**
	$'000	**$'000**
Cost of sales	**1,751**	1,727
Administrative expenses	**832**	911
Total	**2,583**	2,638

Certain items are under finance lease agreements (see Note 25A).

Certain items of property, plant and equipment at a carrying value of $4,679,000 (2013: $5,115,000) are mortgaged or pledged as security for the bank facilities (see Note 25B).

During the reporting year the useful lives of certain assets were revised. As a result of this review, the estimated useful lives of certain assets have been revised to "5 years" from "3 to 10 years". The change in estimates reduced the depreciation charge for the reporting year by $191,000.

15. Investments in Subsidiaries

	Company	
	2014	**2013**
	$'000	**$'000**
Movements during the year. At cost:		
Balance at beginning of the year and end of the year	**1,350**	1,350
Carrying value in the books of the company comprising:		
Unquoted equity shares at cost	**1,350**	1,350
Net book value of subsidiary in the books of the company	**29,328**	24,698

NOTES TO THE FINANCIAL STATEMENTS

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15. Investments in Subsidiaries (Continued)

The subsidiaries held by the Company and its subsidiaries are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Company		Effective Percentage of Equity Held by Group	
	2014 $'000	2013 $'000	2014 %	2013 %
Nordic Flow Control Pte. Ltd. (a)	**1,350**	1,350	**100**	100
Singapore Integration, assembly, trading, importing and exporting of hydraulic systems and marine components				
Held by Nordic Flow Control Pte. Ltd.				
Avitools (Suzhou) Co., Ltd (b) The People's Republic of China Principally engaged in engineering works and the manufacturing of aircraft components and hydraulic actuators for the marine, oil and gas industry (Suzhou Allpro Certified Public Accountants Co., Ltd.)			**100**	100
Nordic Flow Control (Suzhou) Co., Ltd (b) The People's Republic of China Integration, assembly, trading, importing and exporting of hydraulic systems and marine components (Suzhou Allpro Certified Public Accountants Co., Ltd.)			**100**	100
Multiheight Scaffolding Pte Ltd (a) (d) Singapore Scaffolding works for refinery, marine and construction industries and sales and rental of tubular frames and aluminium scaffolds			**100**	100
Nordic Service Centre Pte Ltd (incorporated on 18 April 2013) (a) (e) Singapore Service and repair of hydraulic systems			**80**	80

NOTES TO THE FINANCIAL STATEMENTS

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15. Investments in Subsidiaries (Continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Effective Percentage of Equity Held by Group	
	2014	**2013**
	%	**%**
Held by Multiheight Scaffolding Pte Ltd		
Multiheight Marine Pte Ltd (a) Singapore Repairing ships, tankers and other ocean going vessels and providing scaffolding works	**100**	100
Multiheight International Co. LLC (b) (c) Qatar Scaffold trading and equipment renting (Mohammed Al Zubadi)	–	49

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) The subsidiary was liquidated on 28 December 2014.

(d) The shares in this subsidiary are pledged as security for bank facilities.

(e) Nordic Service Centre Pte Ltd increased its share capital from $100 to $300,000. Non-controlling interests contributed by way of plant and equipment and offset against amounts payable to non-controlling interests.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

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16. Intangible Assets

	Group	
	2014	**2013**
Customer contracts	**$'000**	**$'000**
Cost:		
At beginning of year and end of year	**1,519**	1,519
Accumulated amortisation:		
At beginning of year	**949**	570
Amortisation for the year	**380**	379
At end of year	**1,329**	949
Net book value:		
At 1 January	**570**	949
At 31 December	**190**	570

Allocation of the amortisation expense:

	Group	
	2014	**2013**
	$'000	**$'000**
Administrative expenses	**380**	379

The intangible assets with finite useful lives are amortised.

17. Goodwill

	Group	
	2014	**2013**
	$'000	**$'000**
Cost and net book value at beginning of year and end of year	**12,292**	12,292

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocated cash-generating unit ("CGU") represents the Group's investment by subsidiary as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Name of subsidiary:		
Multiheight Scaffolding Pte Ltd (in Scaffolding Services segment)	**12,292**	12,292

The goodwill was tested for impairment at the end of the reporting year. This impairment test was carried out in relation to the preparation of financial statements as at 31 December 2014. No impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their recoverable amount.

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17. Goodwill (Continued)

The value in use was measured by the management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	2014	2013
Asset or CGU – Mechanical Valuation technique and Unobservable inputs		
Discounted cash flow method:		
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU.	**12.9%**	13.8%
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	**5 years**	5 years
3. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	**0%**	0%

Actual outcomes could vary from these estimates. If the revised estimated discount rate at the end of the reporting year had been 1 percent point less favourable than management's estimates at the end of the reporting year, the recoverable amount of the cash generating unit would reduce by $3,348,000 (2013: $2,823,000). However, the recoverable amount is still higher than the carrying amount of the goodwill.

18. Inventories

	Group	
	2014	**2013**
	$'000	**$'000**
Raw material, consumables and supplies	**7,315**	7,820
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	**321**	70
Charge to profit or loss included in other losses	**85**	243
Amount written off	**(172)**	–
Foreign exchange adjustments	**5**	8
Balance at end of the year	**239**	321
Raw materials and consumables used	**28,038**	25,491

There are no inventories pledged as security on liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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18. Inventories (Continued)

18A. Construction Work-in-progress

	Group 2014 $'000	Group 2013 $'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts	**13,303**	11,107
Less progress payments received and receivable to date	**(6,904)**	(4,274)
Net amount arising from construction contracts at end of the year	**6,399**	6,833
Included in the accompanying statements of financial position as follows:		
Under trade receivables (Note 19)	**6,399**	6,833
Unbilled contract revenue as an asset under trade receivables (Note 19)	**4,205**	3,677

19. Trade and other Receivables

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade receivables:				
Outside parties	**12,691**	16,357	**–**	–
Less allowance for impairment	**(381)**	(349)	**–**	–
Receivables from customers on construction contract (Note 18A)	**6,399**	6,833	**–**	–
Unbilled contract revenue (Note 18A)	**4,205**	3,677	**–**	–
Subsidiaries (Note 3)	**–**	–	**–**	4,788
Net trade receivables – Subtotal	**22,914**	26,518	**–**	4,788
Other receivables:				
Subsidiaries (Note 3)	**–**	–	**14,951**	10,683
Related parties (Note 3)	**1,200**	1,200	**–**	–
Less allowance for impairment	**(1,200)**	(1,200)	**–**	–
Deposit to secure services	**634**	509	**–**	–
Other receivables	**377**	701	**–**	–
Net other receivables – Subtotal	**1,011**	1,210	**14,951**	10,683
Total trade and other receivables	**23,925**	27,728	**14,951**	15,471
Movements in above allowance:				
Balance at beginning of the year	**1,549**	1,453	**–**	–
Charge for trade receivables to profit or loss included other losses	**32**	107	**–**	–
Foreign exchange adjustments	**–**	(11)	**–**	–
Balance at end of the year	**1,581**	1,549	**–**	–

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20. Other Assets

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments	**136**	359	**2**	–
Deposits to secure services	**432**	952	**–**	–
	568	1,311	**2**	**–**

21. Cash and Cash Equivalents

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Not restricted in use	**32,799**	14,852	**13,057**	8,483

The interest earning balances are not significant.

21A. Non-cash Transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of $186,000 (2013: $41,000) acquired by means of finance leases.

22. Share Capital

	Group and Company	
	Number of shares issued	**Share Capital**
	'000	**$'000**
Ordinary shares of no par value:		
Balance at beginning and end of year 31 December 2013 and 31 December 2014	400,000	22,439

The ordinary shares of no par value which are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

22. Share Capital (Continued)

Capital Management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2014	**2013**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including finance leases	**25,320**	21,539
Less cash and cash equivalents	**(32,799)**	(14,852)
Net debt	**(7,479)**	6,687
Adjusted capital	**53,291**	46,190
Debt-to-adjusted capital ratio	**N.M.**	0.14

N.M. – Not meaningful

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

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23. Other Reserves

	Group	
	2014	2013
	$'000	$'000
Foreign currency translation reserve (Note 23A)	**392**	217
Statutory reserve (Note 23B)	**235**	196
Total at the end of the year	**627**	413

All the reserves classified on the face of the statements of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

23A. Foreign Currency Translation Reserve

	Group	
	2014	2013
	$'000	$'000
At beginning of the year	**217**	(168)
Exchange differences on translating foreign operations	**175**	385
At end of the year	**392**	217

23B. Statutory Reserve

	Group	
	2014	2013
	$'000	$'000
At beginning of the year	**196**	196
Transferred from retained earnings	**39**	–
At end of the year	**235**	196

The subsidiaries in China are required by local regulation to appropriate 10% of the profits each year to a non-distributable statutory reserve. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The use of the funds in the non-distributable statutory reserve is subject to approval by the relevant authorities in China.

NOTES TO THE FINANCIAL STATEMENTS

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24. Trade and Other Payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties	**8,688**	7,485	**963**	453
Accrued liabilities	**1,340**	1,516	**–**	–
Trade payable – Subtotal	**10,028**	9,001	**963**	453
Other payables:				
Subsidiaries (Note 3)	**–**	–	**2,062**	–
Other payables	**13**	52	**–**	–
Staff salaries withheld	**438**	660	**–**	–
Other payable – Subtotal	**451**	712	**2,062**	–
Total trade and other payables	**10,479**	9,713	**3,025**	453

25. Other Financial Liabilities

	Group	
	2014	2013
	$'000	$'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 25B)	**1,637**	2,014
Bank loans (unsecured) (Note 25C)	**1,294**	120
Financial instruments with fixed interest rates:		
Finance leases (Note 25A)	**179**	61
Non-current	**3,110**	2,195
Current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 25B)	**378**	8,722
Bank loans (unsecured) (Note 25C)	**14,372**	7,344
Bill payables to banks (unsecured) (Note 25C)	**7,401**	3,245
Financial instruments with fixed interest rates:		
Finance leases (Note 25A)	**59**	33
Current	**22,210**	19,344
Total	**25,320**	21,539

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

25. Other Financial Liabilities (Continued)

The non-current portion is repayable as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Due within 2 to 5 years	**3,066**	1,819
After 5 years	**44**	376
Total non-current portion	**3,110**	2,195

The range of floating interest rates paid was as follows:

	2014	**2013**
Bank loans and bills payable	**1.5% to 2.9%**	1.4% to 3.5%

25A. Finance Leases

	Minimum payments $	**Finance charges $**	**Present value $**
Group			
2014			
Minimum lease payments payable:			
Due within one year	**66**	**(7)**	**59**
Due within 2 to 5 years	**152**	**(16)**	**136**
Due after 5 years	**49**	**(6)**	**43**
Total	**267**	**(29)**	**238**
Net book value of plant and equipment under finance leases			**221**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

25. Other Financial Liabilities (Continued)

25A. Finance Leases (Continued)

	Minimum payments $'000	Finance charges $'000	Present value $'000
2013			
Minimum lease payments payable:			
Due within one year	37	(4)	33
Due within 2 to 5 years	67	(6)	61
Total	104	(10)	94
Net book value of plant and equipment under finance leases			84

It is a policy to lease certain of its plant and equipment under finance leases. The lease terms are 4 to 6 years. The rate of interest for finance leases is about 1.5% to 2.9% (2013: 2.0% to 5.7%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

25B. Bank Loans (secured)

The bank agreements for certain of the bank loans and other credit facilities provides among other matters for the following:

1. Corporate guarantee from the Company.

2. Mortgage on the leasehold property.

3. Need to comply with certain financial covenants.

4. Secured bank loan comprises of one loan which is repayable in 84 monthly instalments of $37,138 from 3 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

25. Other Financial Liabilities (Continued)

25C. Bank Loans and Bills Payable (Unsecured)

The bank agreements for certain of the bank loans and other credit facilities provides among other matters for the following:

1. Corporate guarantee from the Company.

2. Need to comply with certain financial covenants.

3. Unsecured bank loan comprises of:

   a. Long term loan repayable in 48 monthly instalments of $12,000 from 25 November 2011.

   b. Long term loan repayable in 12 monthly instalments of $296,000 from 1 March 2014 and one final payment in March 2016.

   c. Long term loan repayable in 4 semi-annual instalments of $150,000 from 1 November 2014 and 4 quarterly instalments of $100,000 thereafter.

   d. Short term borrowings (bills payables and money market loans) with an average maturity period of 3 months. These short term borrowings are settled at the end of maturity period.

26. Contingent Consideration

As part of the sale and purchase agreement of Multiheight Scaffolding Pte Ltd ("MHS"), a contingent consideration arrangement with the vendor was agreed. Undiscounted additional cash consideration was payable to the vendor of MHS based on the following:

a) 20% of audited FY2011 consolidated profit after tax ("PAT") of the Multiheight Group, multiplied by 3.8 times, payable within one month from the date of adoption of the audited FY2011 accounts at the annual general meeting of MHS, which date of meeting shall not be later than 30 June 2012, and

b) 20% of audited consolidated PAT of the Multiheight Group for the nine-month period ended 30 September 2012, multiplied by 3.8 times, payable by 31 January 2013*.

* This was originally to be based on 20% of audited FY2012 consolidated PAT of the Multiheight Group, multiplied by 3.8 times, payable within one month from the date of adoption of the audited FY2012 accounts at the annual general meeting of MHS, which date of meeting shall not be later than 30 June 2013. However, the basis was revised during the financial year 2012.

The carrying amount of the contingent consideration as of 31 December 2012 was approximately the fair value.

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26. Contingent Consideration (Continued)

As of 31 December 2011, the fair value of the contingent consideration was estimated at $5,481,000 and this was calculated by applying the income approach using the multi-period excess earnings method and at a discount rate of 16.6%.

Subsequent adjustments to the consideration were recognised against the cost of the acquisition only to the extent that they arose from new information obtained within the measurement period about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability were recognised in profit or loss. No adjustment was required for contingent consideration classified as equity.

	2014 $'000	2013 $'000
Financial liability for the contingent consideration at beginning of the year	–	3,064
Contingent consideration paid	–	(3,064)
Financial liability for the contingent consideration as at end of the year	–	–

The consideration was due for first and second measurement on 31 December 2011 and 30 September 2012 respectively. No further significant change to the consideration was expected.

27. Financial Instruments: Information on Financial Risks

27A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial assets:				
Cash and cash equivalents	**32,799**	14,852	**13,057**	8,483
Loans and receivables	**23,925**	27,728	**14,951**	15,471
At end of the year	**56,724**	42,580	**28,008**	23,954
Financial liabilities:				
Trade and other payables measured at amortised cost	**10,479**	9,713	**3,025**	453
Other financial liabilities measured at amortised cost	**25,320**	21,539	**–**	–
At end of the year	**35,799**	31,252	**3,025**	453

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

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27. Financial Instruments: Information on Financial Risks (Continued)

27B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

27C. Fair Values of Financial Instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

27D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and debtors.

Note 21 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 – 90 days (2013: 30 – 90 days). But some customers take a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

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27. Financial Instruments: Information on Financial Risks (Continued)

27D. Credit Risk on Financial Assets (Continued)

a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2014	**2013**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	**5,647**	6,194
31 – 60 days	**2,967**	1,332
61 – 90 days	**381**	236
91 – 180 days	**380**	1,301
Over 180 days	**490**	554
	9,865	9,617

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2014	**2013**
	$'000	**$'000**
Trade receivables		
Over 180 days	**381**	349

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $381,000 (2013: $349,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity. The allowance which is disclosed in the note on trade and other receivables is based on individual accounts totalling $1,200,000 (2013: $1,200,000) that are determined to be impaired at the end of reporting year. These are not secured.

Concentration of trade receivables customers as at the end of reporting year:

	Group	
	2014	**2013**
	$'000	**$'000**
Top 1 customer	**1,187**	2,803
Top 2 customers	**1,997**	4,879
Top 3 customers	**2,580**	5,546

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27. Financial Instruments: Information on Financial Risks (Continued)

27E. Liquidity Risk – Financial Liabilities Maturing Analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group **Non-derivative financial liabilities:**	**Less than 1 year $'000**	**2 – 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
2014:				
Gross borrowings commitments	**22,303**	**3,057**	**–**	**25,360**
Gross finance lease obligations	**66**	**152**	**49**	**267**
Trade and other payables	**10,479**	**–**	**–**	**10,479**
At end of the year	**32,848**	**3,209**	**49**	**36,106**

Group **Non-derivative financial liabilities:**				
2013:				
Gross borrowings commitments	19,540	2,235	–	21,775
Gross finance lease obligations	37	67	–	104
Trade and other payables	9,713	–	–	9,713
At end of the year	29,290	2,302	–	31,592

Company **Non-derivative financial liabilities:**	**Less than 1 year $'000**	**2 – 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
2014:				
Trade and other payables	**3,025**	**–**	**–**	**3,025**
Financial guarantee contracts	**22,303**	**3,057**	**–**	**25,360**
At end of the year	**25,328**	**3,057**	**–**	**28,385**

Company **Non-derivative financial liabilities:**				
2013:				
Trade and other payables	453	–	–	453
Financial guarantee contracts	19,540	2,235	–	21,775
At end of the year	19,993	2,235	–	22,228

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

27. Financial Instruments: Information on Financial Risks (Continued)

27E. Liquidity Risk – Financial Liabilities Maturing Analysis (Continued)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2013: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Banking facilities:

	Group	
	2014	**2013**
	$'000	**$'000**
Undrawn borrowings facilities	**21,846**	22,207

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

27F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2014	**2013**
	$'000	**$'000**
Financial liabilities:		
Fixed rates	**238**	94
Floating rates	**25,082**	21,445
At end of the year	**25,320**	21,539

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on post tax profit is not significant.

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27. Financial Instruments: Information on Financial Risks (Continued)

27G. Foreign Currency Risks

Analysis of amounts denominated in non-functional currency:

Group **2014**	**United States Dollar** **$'000**	**Euro** **$'000**	**Qatar Riyal** **$'000**	**Total** **$'000**
Financial assets:				
Cash	**7,911**	**77**	**–**	**7,988**
Loans and receivables	**4,056**	**76**	**–**	**4,132**
Total financial assets	**11,967**	**153**	**–**	**12,120**
Financial liabilities:				
Borrowings	**(2,507)**	**(457)**	**–**	**(2,964)**
Trade and other payables	**(643)**	**(779)**	**–**	**(1,422)**
Total financial liabilities	**(3,150)**	**(1,236)**	**–**	**(4,386)**
Net financial assets/(liabilities) at end of the year	**8,817**	**(1,083)**	**–**	**7,734**

Group **2013**	**United States Dollar** **$'000**	**Euro** **$'000**	**Qatar Riyal** **$'000**	**Total** **$'000**
Financial assets:				
Cash	1,672	10	–	1,682
Loans and receivables	2,190	14	70	2,274
Total financial assets	3,862	24	70	3,956
Financial liabilities:				
Borrowings	(1,611)	(278)	–	(1,889)
Trade and other payables	(1,413)	(930)	(9)	(2,352)
Total financial liabilities	(3,024)	(1,208)	(9)	(4,241)
Net financial assets/(liabilities) at end of the year	838	(1,184)	61	(285)

There is exposure to foreign currency risk as part of its normal business.

NOTES TO THE FINANCIAL STATEMENTS

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27. Financial Instruments: Information on Financial Risks (Continued)

27G. Foreign Currency Risks (Continued)

Sensitivity analysis:

	Group	
	2014	2013
	$'000	$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Euro with all other variables held constant would have an favourable effect on profit before tax of	**98**	107
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an adverse effect on profit before tax of	**(802)**	(76)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

28. Items in Profit or Loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2014	2013
	$'000	$'000
Audit fees to the independent auditors of the Company	**125**	107
Audit fees to the other independent auditors	**19**	19
Other fees to the Company's independent auditors and its affiliates	**33**	31

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

29. Operating Lease Payment Commitments – as Lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year	**1,822**	2,238
Later than one year and not later than five years	**382**	1,153
Rental expense for the year	**2,841**	2,708

Operating lease payments are for rentals payable for office premises, land, storage areas and staff accommodation. The lease from the owners is ranging from 1 to 5 years term.

30. Events After the End of the Reporting Year

On 12 March 2015, the wholly owned subsidiary, Nordic Flow Control Pte. Ltd., entered into a non-binding memorandum of understanding with the shareholders of Austin Energy (Asia) Pte Ltd to acquire the entire issued and paid-up share capital of Austin Energy (Asia) Pte Ltd for a consideration of $26 million.

31. Changes and Adoption of Financial Reporting Standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

32. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment (*) FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property (*)	1 Jul 2014
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers Illustrative Examples	1 Jan 2017
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016

(*) Not relevant to the entity.

SHAREHOLDINGS STATISTICS

AS AT 19 MARCH 2015

Number of Issued Shares	400,000,000
Number of Issued Shares (excluding Treasury Shares)	400,000,000
Class of Shares	Ordinary Shares
Voting Rights (excluding Treasury Shares)	1 vote per share

The Company has no treasury shares as at 19 March 2015

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 19 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%#
1 – 99	0	0.00	–	0.00
100 – 1,000	41	3.78	40,375	0.01
1,001 – 10,000	284	26.18	1,795,000	0.45
10,001 – 1,000,000	741	68.29	65,700,400	16.42
1,000,001 and above	19	1.75	332,464,225	83.12
Total	1,085	100.00	400,000,000	100.00

Percentage is calculated based on the total number of issued shares, excluding treasury shares of the Company

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 19 March 2015, approximately 30.27% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

SHAREHOLDINGS STATISTICS

AS AT 19 MARCH 2015

TWENTY-TWO LARGEST SHAREHOLDERS AS AT 19 MARCH 2015

Name	No. of Shares	%
BANK OF SINGAPORE NOMINEES PTE LTD	205,406,625	51.35
LIN CHOON HIN	43,500,000	10.88
TEO LING LING	30,000,000	7.50
OCBC SECURITIES PRIVATE LTD	8,961,500	2.24
TAN HEE SENG	8,618,000	2.15
CHAI GEOK CHANG	6,000,000	1.50
CHOU CHEE FATT	5,800,000	1.45
ONG WEE CHYE	4,430,000	1.11
UOB KAY HIAN PTE LTD	3,618,000	0.90
PHILLIP SECURITIES PTE LTD	2,913,900	0.73
UNITED OVERSEAS BANK NOMINEES PTE LTD	1,977,000	0.49
MAYBANK KIM ENG SECURITIES PTE LTD	1,864,400	0.47
DBS NOMINEES PTE LTD	1,712,800	0.43
LIM BEE HONG	1,517,000	0.38
LOW GEOK LIN JUDITH	1,400,000	0.35
KALIDASS S/O KARUPPIAH	1,242,000	0.31
BOO CHOON YOW	1,200,000	0.30
NG HOCK CHUAN	1,200,000	0.30
LEE HENG SWEE	1,103,000	0.28
LEE HONG NGIE	1,000,000	0.25
NG SENG CHOO	1,000,000	0.25
TAY TUANG HENG	1,000,000	0.25
TOTAL:	**335,464,225**	**83.87**

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2015

as recorded in the Register of Substantial Shareholders

	Number of Ordinary Shares			
Name of Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total**	**%**
Chang Yeh Hong	–	205,406,625*	205,406,625	51.35
Lin Choon Hin	43,500,000	–	43,500,000	10.88
Teo Ling Ling	30,000,000	–	30,000,000	7.50

* Mr Chang Yeh Hong's deemed interest arises from shares held by nominee, Bank of Singapore Nominees Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED

(INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Nordic Group Limited (the "Company") will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Wednesday, 29 April 2015 at 10:00 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Report and Audited Accounts for the financial year ended 31 December 2014 and the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.25 Singapore cent per ordinary share and a special tax exempt (one-tier) dividend of 0.25 Singapore cent per ordinary share for the financial year ended 31 December 2014. **Resolution 2**

3. To re-elect Mr Chang Yeh Hong who is retiring in accordance with Article 104 of the Company's Articles of Association, as a Director of the Company. **Resolution 3**

4. To re-elect Ms Lee Kim Lian Juliana who is retiring in accordance with Article 104 of the Company's Articles of Association, as a Director of the Company. **Resolution 4**

   [Ms Lee Kim Lian Juliana shall, upon re-election as a Director of the Company, remain as member of the Audit Committee, member of the Remuneration Committee and Chairman of the Nominating Committee. Ms Lee Kim Lian Juliana shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

5. To approve the Directors' fees of S$137,000 for the financial year ending 31 December 2015, payable half-yearly in arrears. **Resolution 5**

6. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as Ordinary Resolution, with or without amendments:

7. **Ordinary Resolution: Authority to allot and issue shares up to fifty per centum (50%) of the issued shares in the capital of the Company** **Resolution 7**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:–

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED

(INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

(i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:–

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(c) any subsequent bonus issue, consolidation or sub-division of shares.

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

8. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The proposed Resolution 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED
(INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2015 for the purpose of determining members' entitlements to the final tax exempt (one-tier) dividend and special tax exempt (one-tier) dividend (the "Final and Special Dividends") to be proposed at the Annual General Meeting of the Company to be held on 29 April 2015.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 08 May 2015 by the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898 will be registered to determine members' entitlements to the proposed Final and Special Dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5:00 p.m. on 08 May 2015 will be entitled to such proposed Final and Special Dividends.

The proposed Final and Special Dividends, if approved at the Annual General Meeting will be paid on 21 May 2015.

By Order Of the Board

THUNG SIM YEE
Company Secretary

Date: 14 April 2015

Note:

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 5 Kwong Min Road Singapore 628708 not less than 48 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED

(INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NORDIC GROUP LIMITED

Registration No. 201007399N
(Incorporated in Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name), NRIC/Passport number ______________
of ____ (Address)
being a member/members* of Nordic Group Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us* on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Wednesday, 29 April 2015 at 10:00 am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For	Against	Number of Votes For	Number of Votes Against
ORDINARY BUSINESS					
1	To receive and consider Directors' and Auditors' Reports and Audited Accounts				
2	To approve payment of final tax exempt (one-tier) dividend and special tax exempt (one-tier) dividend				
3	To re-elect Mr Chang Yeh Hong as Director				
4	To re-elect Ms Lee Kim Lian Juliana as Director				
5	To approve Directors' fees for financial year ending 31 December 2015, payable half-yearly in arrears				
6	To re-appoint Messrs RSM Chio Lim LLP as Auditors				
SPECIAL BUSINESS					
7	To authorise the Directors to allot and issue shares				

Dated this __________ day of ______________ 2015

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 5 Kwong Min Road, Singapore 628708 not less than 48 hours before the time appointed for the Annual General Meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

NORDIC
Group Limited

(Incorporated in the Republic of Singapore on 8 April 2010)
(Company Registration Number: 201007399N)