



NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON 14 NOVEMBER 2019

The Board of Directors (the "Board") of Nordic Group Limited (the "Company") wishes to respond to queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 14 November 2019 in relation to the unaudited results for period ended 30 September 2019.

SGX-ST's queries

1. With reference to the unaudited results for the period ended 30 September 2019, please disclose the basis for recognizing a credit to the consolidated statement of profit or loss of \$1.1m relating to other payables written back - Ensure vendors for the period ended 30 September 2019.
2. It is stated on page 11 of the announced financial statements for the period ended 30 September 2019:- "Current liabilities decreased approximately \$5.8 million or 10%, from approximately \$58.0 million as at 31 December 2018 to approximately \$52.2 million as at 30 September 2019 mainly due to decrease in trade and other payables and other financial liabilities of approximately \$3.1 million and \$2.9 million respectively. These decreases were due to payment to suppliers and lower accrued expenses due to different period of comparison and repayment of borrowings." Please reconcile the abovementioned statements with the following changes in current liabilities as disclosed on page 3 of the financial statements. Please provide an explanation for the changes in the balances of each of the following line items:

	Group		
	30/9/2019	31/12/2018	Variance
	S\$'000	S\$'000	S\$'000
Liabilities held for sale under FRS 105	3,000	8,403	(5,403)
Trade and other payables	10,371	13,488	(3,117)
Other financial liabilities-current	37,848	34,988	2,860

3. It is disclosed on page 13 of the Company's results announcement that no dividend has been declared/recommended. Paragraph 12 of Appendix 7.2 of the SGX-ST Listing Manual on Financial Statements and Dividend Announcement states: - "If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision." As such, please provide the reason(s) why no dividend has been declared/recommended for the current period reported on.

The Board's response

- 1) Referring to our announcement dated 29 March 2017, the purchase consideration for the acquisition of Ensure Engineering Pte Ltd shall be the aggregate of the following:-
 - (a) S\$6,498,745 payable on the date of completion;
 - (b) S\$3,500,000 payable within 6 months after the Completion Date;
 - (c) 50% of the Adjusted Net Profit of Ensure Engineering for FY2017 ("**Deferred Payment 1**"), provided that Deferred Payment 1 shall be capped at S\$2,000,000;
 - (d) 50% of the Adjusted Net Profit of Ensure Engineering for FY2018 ("**Deferred Payment 2**"), provided that Deferred Payment 2 shall be capped at S\$2,000,000;
 - (e) 50% of the Adjusted Net Profit of Ensure Engineering for FY2019 ("**Deferred Payment 3**"), provided that Deferred Payment 3 shall be capped at S\$2,000,000; and
 - (f) 50% of the Adjusted Net Profit of Ensure Engineering for FY2020 ("**Deferred Payment 4**"), provided that Deferred Payment 4 shall be capped at S\$2,000,000,

\$1.1 million is for Deferred Payment 3 and it is calculated based on the difference between \$2 million and 50% of net profit of Ensure Engineering Pte Ltd from 1 January 2019 to 30 September 2019.

- 2) The decrease in other financial liabilities should be approximately \$2.5 million instead of \$2.9 million. Accordingly, current liabilities decreased approximately \$5.8 million or 10%, from approximately \$58.0 million as at 31 December 2018 to approximately \$52.2 million as at 30 September 2019 mainly due to decrease in trade and other payables and other financial liabilities of approximately \$3.1 million and \$2.5 million respectively.

	Group			
	30/9/2019	31/12/2018	Variance	Explanation
	S\$'000	S\$'000	S\$'000	
Liabilities held for sale under FRS 105	3,000	8,403	(5,403)	Decrease due to repayment of loan
Trade and other payables	10,371	13,488	(3,117)	Decrease due to payment to suppliers and lower accrued expenses
Other financial liabilities-current	37,848	34,988	2,860	Increase due to drawdown of additional bank borrowings

3) No dividend is declared as our dividend is paid half yearly.

BY ORDER OF THE BOARD

Chang Yeh Hong
Executive Chairman
17 November 2019