



**NORDIC**  
Group Limited

**NORDIC GROUP LIMITED**  
(Company Registration Number: 201007399N)

**Full Year Financial Statements and Related Announcement for the Year Ended 31 December 2016**

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

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

**UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>4Q2016</b>	<b>4Q2015</b>	<b>Change</b>	<b>Full year ended 31/12/2016</b>	<b>Full year ended 31/12/2015</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	18,909	21,108	(10)	81,921	80,491	2
Cost of Sales	(13,265)	(14,403)	(8)	(56,398)	(58,050)	(3)
<b>Gross Profit</b>	<b>5,644</b>	<b>6,705</b>	(16)	<b>25,523</b>	<b>22,441</b>	14
Interest Income	30	32	(9)	115	110	5
Finance Costs	(211)	(323)	(35)	(978)	(982)	(0)
Marketing and Distribution Costs	(93)	(188)	(51)	(479)	(912)	(47)
Administrative Expenses	(2,275)	(2,645)	(14)	(10,403)	(10,669)	(2)
Other Gains	1,003	385	161	899	1,956	(54)
<b>Profit Before Tax from Continuing Operations</b>	<b>4,098</b>	<b>3,966</b>	3	<b>14,677</b>	<b>11,944</b>	23
Income Tax Expense	(282)	(648)	(56)	(1,994)	(1,439)	39
<b>Profit from Continuing Operations, Net of Tax</b>	<b>3,816</b>	<b>3,318</b>	15	<b>12,683</b>	<b>10,505</b>	21
<b>Other Comprehensive Income:</b>						
<b>Items that may be reclassified subsequently to Profit or Loss:</b>						
Exchange Differences on Translating Foreign Operations, Net of Tax	92	25	nm	(160)	40	nm
<b>Other Comprehensive Income/(Loss), Net of Tax</b>	<b>92</b>	<b>25</b>	<b>nm</b>	<b>(160)</b>	<b>40</b>	<b>nm</b>
<b>Total Comprehensive Income</b>	<b>3,908</b>	<b>3,343</b>	<b>17</b>	<b>12,523</b>	<b>10,545</b>	<b>19</b>
<b>Profit Attributable to:</b>						
Owners of the Parent, Net of Tax	3,816	3,325	15	12,748	10,512	21
Non-Controlling Interests, Net of Tax	-	(7)	100	(65)	(7)	nm
<b>Profit Net of Tax</b>	<b>3,816</b>	<b>3,318</b>	<b>15</b>	<b>12,683</b>	<b>10,505</b>	<b>21</b>
<b>Total Comprehensive Income Attributable to:</b>						
Owners of the Parent	3,908	3,350	17	12,588	10,552	19
Non-Controlling Interests	-	(7)	100	(65)	(7)	nm
<b>Total Comprehensive Income</b>	<b>3,908</b>	<b>3,343</b>	<b>17</b>	<b>12,523</b>	<b>10,545</b>	<b>19</b>

nm: not meaningful

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

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

		4Q2016	4Q2015	Change	Full year ended	Full year ended	Change
		\$'000	\$'000	%	31/12/2016	31/12/2015	%
					\$'000	\$'000	
1	Interest income	30	32	(8)	115	110	5
2	Interest on borrowings	(211)	(323)	(35)	(978)	(982)	-
3	Depreciation and amortisation	(651)	(911)	(29)	(2,788)	(3,380)	(18)
4	Gain on disposal of plant and equipment	12	11	9	86	495	(83)
5	Allowance for impairment on trade receivables	(27)	107	nm	(34)	118	nm
6	Foreign exchange gain	979	129	nm	212	1,041	(80)
7	Trade payables written back	-	-	-	65	-	100
8	Inventories written (down) / reversal	(42)	27	nm	(42)	(85)	(51)
9	Other income	36	61	(41)	204	136	50
10	Government grant	43	31	39	408	250	63

nm: not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/12/2016 \$'000	31/12/2015 \$'000	31/12/2016 \$'000	31/12/2015 \$'000
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	7,894	8,988	-	-
Trade and Other Receivables	26,581	25,889	15,958	14,910
Other Assets	5,611	1,012	4,276	-
Cash and Cash Equivalents	32,325	35,566	8,388	11,230
<b>Total Current Assets</b>	<b>72,411</b>	<b>71,455</b>	<b>28,622</b>	<b>26,140</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	17,063	18,544	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Goodwill	22,451	22,451	-	-
<b>Total Non-Current Assets</b>	<b>39,514</b>	<b>40,995</b>	<b>1,350</b>	<b>1,350</b>
<b>Total Assets</b>	<b>111,925</b>	<b>112,450</b>	<b>29,972</b>	<b>27,490</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Income Tax Payable	2,113	1,501	10	6
Trade and Other Payables	12,791	17,321	2,527	1,213
Other Liabilities	1,153	1,135	-	-
Other Financial Liabilities	21,240	20,984	-	-
<b>Total Current Liabilities</b>	<b>37,297</b>	<b>40,941</b>	<b>2,537</b>	<b>1,219</b>
<b>Non-Current Liabilities</b>				
Other Financial Liabilities	6,845	11,171	-	-
Deferred Tax Liabilities	979	958	-	-
<b>Total Non-Current Liabilities</b>	<b>7,824</b>	<b>12,129</b>	<b>-</b>	<b>-</b>
<b>Equity Attributable to Owners of the Parent</b>				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	45,137	37,065	6,275	4,688
Treasury Shares	(1,279)	(856)	(1,279)	(856)
Other Reserves	507	667	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>66,804</b>	<b>59,315</b>	<b>27,435</b>	<b>26,271</b>
Non-Controlling Interests	-	65	-	-
<b>Total Equity</b>	<b>66,804</b>	<b>59,380</b>	<b>27,435</b>	<b>26,271</b>
<b>Total Liabilities and Equity</b>	<b>111,925</b>	<b>112,450</b>	<b>29,972</b>	<b>27,490</b>

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

### Amount repayable in one year or less, or on demand

As at 31 December 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,246	11,994	9,223	11,761

### Amount repayable after one year

As at 31 December 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
6,845	-	10,921	250

### Details of any collateral

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	4Q2016	4Q2015	Full year ended 31/12/2016	Full year ended 31/12/2015
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	4,098	3,966	14,677	11,944
Adjustments for:				
Depreciation expense	651	871	2,788	3,096
Amortisation of intangible assets	-	40	-	284
Gain on disposal of plant and equipment	(12)	(11)	(86)	(495)
Interest income	(30)	(32)	(115)	(110)
Interest expense	211	323	978	982
Unrealised foreign exchange gain	(700)	(347)	(368)	(171)
Operating cash flows before changes in working capital	4,218	4,810	17,874	15,530
Trade and other receivables	(891)	285	(692)	891
Other assets	(4,248)	30	(4,599)	43
Inventories	994	(345)	1,094	(1,272)
Other liabilities	1,153	1,135	18	1,135
Trade and other payables	1,649	(3,407)	(4,530)	(4,963)
Cash generated from operations	2,875	2,508	9,165	11,364
Income tax paid	(64)	(117)	(1,382)	(2,116)
<b>Net cash generated from operating activities</b>	<b>2,811</b>	<b>2,391</b>	<b>7,783</b>	<b>9,248</b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(7,460)
Purchase of plant and equipment	(164)	(520)	(1,202)	(3,015)
Proceeds from disposal of plant and equipment	14	200	183	2,290
Interest received	30	32	115	110
<b>Net cash used in investing activities</b>	<b>(120)</b>	<b>(288)</b>	<b>(904)</b>	<b>(8,075)</b>
<b>Cash flows from financing activities:</b>				
Other financial liabilities	(5,331)	(3,160)	(4,165)	(13,318)
Increase from new borrowings	-	5,000	-	20,239
Decrease in finance leases	(27)	(26)	(123)	(86)
Dividends paid	-	-	(4,676)	(3,600)
Purchase of treasury shares	(68)	(671)	(423)	(856)
Interest paid	(211)	(323)	(978)	(982)
<b>Net cash (used in) / generated from financing activities</b>	<b>(5,637)</b>	<b>820</b>	<b>(10,365)</b>	<b>1,397</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,946)</b>	<b>2,923</b>	<b>(3,486)</b>	<b>2,570</b>
<b>Effect of foreign exchange rate changes on the balance of cash held in foreign currencies</b>	<b>722</b>	<b>361</b>	<b>245</b>	<b>197</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>34,549</b>	<b>32,282</b>	<b>35,566</b>	<b>32,799</b>
<b>Cash and cash equivalents at end of period</b>	<b>32,325</b>	<b>35,566</b>	<b>32,325</b>	<b>35,566</b>

**Non-cash transactions:**

There were acquisitions of certain assets under property, plant and equipment with a total cost of \$218,000 acquired by means of finance leases in 12M2016 (12M2015: \$239,000).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**STATEMENTS OF CHANGES IN EQUITY**

	Attributable to shareholders of the company							Total Equity S'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Treasury Shares S'000	Parent Sub-Total \$'000	Non- Controlling Interests \$'000	
<b>Group – 4Q2016</b>								
<u>Balance at 1 October 2016</u>	22,439	180	41,321	235	(1,211)	62,964	-	62,964
Total comprehensive income for the period	-	92	3,816	-	-	3,908	-	3,908
Purchase of treasury shares	-	-	-	-	(68)	(68)	-	(68)
<b>Balance at 31 December 2016</b>	22,439	272	45,137	235	(1,279)	66,804	-	66,804
<u>Balance at 1 October 2015</u>	22,439	407	33,740	235	(185)	56,636	72	56,708
Total comprehensive income for the period	-	25	3,325	-	-	3,350	(7)	3,343
Purchase of treasury shares	-	-	-	-	(671)	(671)	-	(671)
<b>Balance at 31 December 2015</b>	22,439	432	37,065	235	(856)	59,315	65	59,380
<b>Group - Full Year</b>								
<u>Balance at 1 January 2016</u>	22,439	432	37,065	235	(856)	59,315	65	59,380
Total comprehensive income for the year	-	(160)	12,748	-	-	12,588	(65)	12,523
Purchase of treasury shares	-	-	-	-	(423)	(423)	-	(423)
Dividends paid	-	-	(4,676)	-	-	(4,676)	-	(4,676)
<b>Balance at 31 December 2016</b>	22,439	272	45,137	235	(1,279)	66,804	-	66,804
<u>Balance at 1 January 2015</u>	22,439	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the year	-	40	10,512	-	-	10,552	(7)	10,545
Dividends paid	-	-	(3,600)	-	-	(3,600)	-	(3,600)
Purchase of treasury shares	-	-	-	-	(856)	(856)	-	(856)
<b>Balance at 31 December 2015</b>	22,439	432	37,065	235	(856)	59,315	65	59,380

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
<b>Company – 4Q2016</b>				
Balance at 1 October 2016	22,439	2,748	(1,211)	23,976
Total comprehensive income for the period	-	3,527	-	3,527
Purchase of treasury shares	-	-	(68)	(68)
<b>Balance at 31 December 2016</b>	<b>22,439</b>	<b>6,275</b>	<b>(1,279)</b>	<b>27,435</b>
<b>Company - Full Year</b>				
Balance at 1 October 2015	22,439	432	(185)	22,686
Total comprehensive income for the period	-	4,256	-	4,256
Purchase of treasury shares	-	-	(671)	(671)
<b>Balance at 31 December 2015</b>	<b>22,439</b>	<b>4,688</b>	<b>(856)</b>	<b>26,271</b>
Balance at 1 January 2016	22,439	4,688	(856)	26,271
Total comprehensive income for the year	-	6,263	-	6,263
Purchase of treasury shares	-	-	(423)	(423)
Dividends paid	-	(4,676)	-	(4,676)
<b>Balance at 31 December 2016</b>	<b>22,439</b>	<b>6,275</b>	<b>(1,279)</b>	<b>27,435</b>
Balance at 1 January 2015	22,439	3,889	-	26,328
Total comprehensive income for the year	-	4,399	-	4,399
Dividends paid	-	(3,600)	-	(3,600)
Purchase of treasury shares	-	-	(856)	(856)
<b>Balance at 31 December 2015</b>	<b>22,439</b>	<b>4,688</b>	<b>(856)</b>	<b>26,271</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	4Q2016		3Q2016	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Issued and paid up capital</b>				
As at beginning of period	393,475,700	21,228	393,732,200	21,289
Less: Treasury shares bought during the period	(300,300)	(68)	(256,500)	(61)
<b>Total issued share capital excluding treasury shares as at end of period</b>	<b>393,175,400</b>	<b>21,160</b>	<b>393,475,700</b>	<b>21,228</b>

	4Q2016		3Q2016	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Treasury shares</b>				
As at beginning of period	6,524,300	1,211	6,267,800	1,150
Share buy-back	300,300	68	256,500	61
<b>Treasury shares balance as at end of period</b>	<b>6,824,600</b>	<b>1,279</b>	<b>6,524,300</b>	<b>1,211</b>

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

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

The share capital of the Company, excluding treasury shares as at the end of the period was 393,175,400 ordinary shares (31 December 2015: 395,330,800 ordinary shares).

As at 31 December 2016, the Company holds 6,824,600 treasury shares (31 December 2015: 4,669,200 treasury shares).

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

The Company purchased and held 6,824,600 treasury shares (31 December 2015: 4,669,200 treasury shares) during the period. Except for the purchase, there was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 31 December 2016.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The unaudited financial statements have been prepared by applying the same accounting policies and methods of computation as the most recently audited financial statements for the year ended 31 December 2015 except for the change in useful lives and residual values of property, plant and equipment. The financial effects of the change are summarised in Note 5 below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Similarly as disclosed in the results announcement for the period ended 30 September 2016, the Group had reviewed the useful lives and residual values of its property, plant and equipment in accordance with FRS 16 paragraph 51. As a result the Group changed certain assets' useful lives from "5 to 10 years" to "15 years" to better reflect the useful lives of the assets. The change is a prospective change and is effective from 1 July 2016. The depreciation charge for 4Q2016 and 12 months ended 31 December 2016 decreased by \$228,514 and \$457,028 respectively and the profit before tax increased by the same amount.



**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	4Q2016	4Q2015	Full year ended 31/12/2016	Full year ended 31/12/2015
<b>The Group</b>				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,816	3,325	12,748	10,512
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	393,656	396,927	393,969	399,205
Earnings per share - basic/fully diluted (cents)	1.0	0.8	3.2	2.6

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

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset value (\$'000)	66,804	59,315	27,435	26,271
Number of ordinary shares (excluding Treasury Shares) ('000)	393,175	395,331	393,175	395,331
Net asset value per share (cents)	17.0	15.0	7.0	6.6

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

**Review of performance for quarter ended 31 December 2016 ("4Q2016")**

**Revenue**

The Group's revenue decreased by approximately \$2.2 million or 10%, from approximately \$21.1 million in 4Q2015 to approximately \$18.9 million in 4Q2016. The decrease was mainly due to lower revenue from the Maintenance Services segment in 4Q2016.

Business Segment	4Q2016 \$'000	4Q2015 \$'000	Change \$'000	Change %
Project Services	13,292	13,713	(421)	(3)
Maintenance Services	5,617	7,395	(1,778)	(24)
<b>Total</b>	<b>18,909</b>	<b>21,108</b>	<b>(2,199)</b>	<b>(10)</b>

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

Gross profit for 4Q2016 decreased by approximately \$1.1 million or 16% from \$6.7 million in 4Q2015 to \$5.6 million in 4Q2016. Gross profit margin decreased slightly from 31.8% in 4Q2015 to 29.8% in 4Q2016.

Gross profit for 4Q2016 was lower than 4Q2015 mainly due to lower revenue from the Maintenance Services segment in 4Q2016.

### **Finance costs**

Finance costs decreased approximately \$112,000 or 35% from \$0.3 million in 4Q2015 to \$0.2 million in 4Q2016, mainly due to lower interest expenses.

### **Marketing and distribution costs**

Marketing and distribution costs decreased approximately \$95,000 or 51% from \$188,000 in 4Q2015 to \$93,000 in 4Q2016, mainly due to lower sales and marketing expenses incurred.

### **Administrative expenses**

Administrative expenses decreased approximately \$370,000 or 14% from approximately \$2.6 million in 4Q2015 to approximately \$2.3 million in 4Q2016, mainly due to lower staff costs.

### **Other gains**

Other gains of approximately \$1.0 million were recorded in 4Q2016, arising mainly from foreign exchange gains.

Other gains of approximately \$385,000 were recorded in 4Q2015, arising mainly from foreign exchange gains and reversal of impairment of trade receivables.

## **Review of performance for the twelve months ended 31 December 2016 (“12M2016”)**

### **Revenue**

The Group's revenue increased by approximately \$1.4 million or 2%, from approximately \$80.5 million in 12M2015 to approximately \$81.9 million in 12M2016. The increase was mainly due to increase in revenue from the Project Services segment contributed by AE Group.

<b>Business Segment</b>	<b>12M2016</b>	<b>12M2015</b>	<b>Change</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Project Services	60,453	58,844	1,609	3
Maintenance Services	21,468	21,647	(179)	(1)
<b>Total</b>	<b>81,921</b>	<b>80,491</b>	<b>1,430</b>	<b>2</b>

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

Gross profit for 12M2016 increased approximately \$3.1 million or 14% from \$22.4 million in 12M2015 to \$25.5 million in 12M2016. Similarly, gross profit margin increased from 27.9% in 12M2015 to 31.2% in 12M2016.

Gross profit for 12M2016 was higher than 12M2015 mainly due to higher revenue from the Project Services segment contributed by AE Group.

### **Finance costs**

Finance costs remained relatively constant at approximately \$1.0 million.

## **Marketing and distribution costs**

Marketing and distribution costs decreased approximately \$433,000 or 47%, from approximately \$912,000 in 12M2015 to \$479,000 in 12M2016, mainly due to lower sales and marketing costs incurred.

## **Administrative expenses**

Administrative expenses decreased approximately \$266,000 or 2% from approximately \$10.7 million in 12M2015 to approximately \$10.4 million in 12M2016, mainly due to lower staff costs.

## **Other gains**

Other gains of approximately \$0.9 million was recorded in 12M2016, arising mainly from foreign exchange gain of approximately \$0.2 million, government grant income of approximately \$0.4 million, other income of approximately \$0.2 million and gain on disposal of plant and equipment of \$0.1 million.

Other gains of approximately \$2.0 million was recorded in 12M2015, comprising mainly of foreign exchange gains of approximately \$1.0 million, gain on disposal of a subsidiary's leasehold property of approximately \$0.5 million, government grants received of approximately \$0.3 million and reversal of impairment of trade receivables of approximately \$0.1 million.

## **Statement of Financial Position Review (as at 31 December 2016 compared to 31 December 2015)**

### **Non-current assets**

Non-current assets decreased approximately \$1.5 million or 3% from approximately \$41.0 million as at 31 December 2015 to approximately \$39.5 million as at 31 December 2016.

The decrease was mainly due to depreciation of property, plant and equipment of approximately \$2.8 million partially offset with acquisition of plant and equipment of approximately \$1.4 million.

### **Current assets**

Current assets increased approximately \$1.0 million or 1.3%, from approximately \$71.5 million as at 31 December 2015 to approximately \$72.4 million as at 31 December 2016.

The increase was due to increase in other assets of approximately \$4.6 million and increase in trade and other receivables of approximately \$0.7 million offset with decrease in cash and cash equivalents of approximately \$3.2 million and decrease in inventories of approximately \$1.1 million.

### **Current liabilities**

Current liabilities decreased approximately \$3.6 million or 9%, from approximately \$40.9 million as at 31 December 2015 compared to \$37.3 million as at 31 December 2016.

The decrease was due to decrease in trade and other payables of approximately \$4.5 million offset by increase in income tax payable of approximately \$0.6 million and increase in other financial liabilities of approximately \$0.3 million.

### **Non-current liabilities**

Non-current liabilities decreased by approximately \$4.3 million or 35%, from approximately \$12.1 million as at 31 December 2015 to approximately \$7.9 million as at 31 December 2016.

The decrease was mainly due to decrease in other financial liabilities of approximately \$4.3 million.

### **Equity**

Our capital and reserves increased by approximately \$7.4 million or 13% from \$59.4 million as at 31 December 2015 to \$66.8 million as at 31 December 2016. The increase was mainly due to the retention of net profit for 12M2016, partially offset by distribution of dividends in 2016.

## **Statement of Cash Flows Review**

### **4Q2016**

We continued to maintain a healthy cash position with approximately \$32.3 million in cash and bank balances as at the end of 4Q2016.

In 4Q2016, net cash generated from operating activities amounted to approximately \$2.8 million compared with approximately \$2.4 million generated in 4Q2015. We generated net cash of approximately \$4.2 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$1.3 million. This was mainly due to cash outflow from increase in other assets of approximately \$4.2 million and increase in trade and other receivables of approximately \$0.9 million offset by cash inflows from decrease in trade and other payables of approximately \$1.6 million, decrease in other liabilities of approximately \$1.2 million and decrease in inventories of approximately \$1.0 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.1 million.

Net cash of approximately \$0.1 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$5.6 million was used in financing activities. This was mainly due to interest payment of approximately \$0.2 million, purchase of treasury shares of approximately \$0.1 million and decrease in other financial liabilities of approximately \$5.3 million.

### **12M2016**

In 12M2016, net cash generated from operating activities amounted to approximately \$7.8 million compared to approximately \$9.2 million generated in 12M2015. We generated net cash of approximately \$17.9 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$8.7 million. This was mainly due to (i) cash outflow from increase in other assets of approximately \$4.6 million, (ii) cash outflow from increase in trade and other receivables of approximately \$0.7 million; and (iii) cash outflow from decrease in trade and other payables of approximately \$4.5 million offset by decrease in inventories of approximately \$1.1 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$1.4 million.

Net cash of approximately \$1.0 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$10.4 million was used in financing activities. This was mainly due to dividend payment of approximately \$4.7 million, interest payment of approximately \$1.0 million, decrease in other financial liabilities of approximately \$4.2 million and purchase of treasury shares of approximately \$0.4 million.

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

No profit forecast has been previously issued.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Currently, our Group has outstanding orders amounting to approximately \$21.6 million excluding maintenance contracts. The deliveries for these orders will spread within the next 24 months and as such, we expect to derive sustained revenue streams from these orders up to FY2018. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group's businesses serving largely the marine, oil and gas industries remain challenging amidst persistent weak oil prices, fluctuations in the exchange rate of the US dollar against the Singapore dollar and the contagion effect from the fallout of some of the local oil and gas players.

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

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

**11. Dividend**

**(a) Current Financial Period Reported on 31 December 2016**

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

Name Of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.731 cents per ordinary share
Tax Rate	Tax exempt (One-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**  
Yes.

Name Of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.65 cents per ordinary share
Tax Rate	Tax exempt (One-tier)

**(c) Date payable**

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

**(d) Books closure date**

To be announced at a later date.

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

Not applicable.

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

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

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

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>Continuing Operations FY2016</b>					
<b>Revenue by Segment</b>					
Total revenue	60,453	21,468	4,943	(4,943)	81,921
Less: Inter-segment sales	-	-	(4,943)	4,943	-
External revenue	60,453	21,468	-	-	81,921
<b>EBITDA</b>	11,876	6,207	(4,698)	4,943	18,328
Less: Inter-segment expenses	3,580	1,363	-	(4,943)	-
Adjusted EBITDA	15,455	7,570	(4,698)	-	18,328
Finance costs	(719)	(259)	-	-	(978)
Depreciation and amortisation	(2,190)	(598)	-	-	(2,788)
Unallocated:					
Income tax expenses					(1,994)
Interest income					115
Profit from continuing operations, net of tax					12,683

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>Continuing Operations FY2015</b>					
<b>Revenue by Segment</b>					
Total revenue	58,844	21,647	2,544	(2,544)	80,491
Less: Inter-segment sales	-	-	(2,544)	2,544	-
External revenue	58,844	21,647	-	-	80,491
<b>EBITDA</b>	10,186	5,889	(2,423)	2,544	16,196
Less: Inter-segment expenses	1,829	715	-	(2,544)	-
Adjusted EBITDA	12,015	6,604	(2,423)	-	16,196
Finance costs	(754)	(228)	-	-	(982)
Depreciation and amortisation	(2,370)	(1,010)	-	-	(3,380)
Unallocated:					
Income tax expenses					(1,439)
Interest income					110
Profit from continuing operations, net of tax					10,505

## Assets and Reconciliations

	Project Services S\$'000	Maintenance Services S\$'000	Others S\$'000	Group S\$'000
<b>2016</b>				
Reportable segment assets	6,365	2,289	4,274	12,928
Unallocated:				
Cash and cash equivalents				32,325
Inventories				7,894
Trade and other receivables, prepayments and deposits				19,264
Property, plant and equipment				17,063
Other non-current assets				22,451
Total Group assets				111,925
<b>2015</b>				
Reportable segment assets	6,812	2,567	-	9,379
Unallocated:				
Cash and cash equivalents				35,566
Inventories				8,988
Trade and other receivables, prepayments and deposits				17,522
Property, plant and equipment				18,544
Other non-current assets				22,451
Total Group assets				112,450

## Liabilities and Reconciliations

	Project Services	Maintenance Services	Others	Group
<b>2016</b>				
Reportable segment liabilities	873	280	-	1,153
Unallocated:				
Trade and other payables				12,791
Other financial liabilities				28,085
Income tax payable and deferred tax liabilities				3,092
Total Group liabilities				45,121
<b>2015</b>				
Reportable segment liabilities	1,010	276	-	1,286
Unallocated:				
Trade and other payables				17,170
Other financial liabilities				32,155
Income tax payable and deferred tax liabilities				2,459
Total Group liabilities				53,070

## Geographical Information

	Revenue		Non-current Assets	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
China	17,489	28,865	4,826	5,585
Singapore	63,557	59,949	34,688	35,410
Others	8,952	9,572	-	-
Elimination	(8,077)	(17,895)	-	-
	81,921	80,491	39,514	40,995

### 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

### 15. A breakdown of sales as follows:-

	FY2016 \$'000	FY2015 \$'000	Change %
Sales for first half year	41,623	37,668	10
Profit attributable to Owners of the Parent, Net of Tax for first half year	5,372	4,011	34
Sales for second half year	40,298	42,823	(6)
Profit attributable to Owners of the Parent, Net of Tax for second half year	7,311	6,501	12

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

	FY2016 \$'000	FY2015 \$'000
Interim dividend paid of 0.5372 cents per share (2015: 0.4 cents per share)	2,115	1,600
Proposed final dividend of 0.731 cents per share (2015: 0.65 cents per share)	2,874*	2,561
Total dividend of 1.2682 cents per share (2015: 1.05 cents per share)	4,989	4,161

\* Based on 393,175,400 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2016.

### 17. Interested Person Transactions

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



**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Bong Boon Hean	34	Cousin of Teo Ling Ling, Chief Executive Officer, Nordic Flow Control Pte Ltd	Senior Manager, Project & Conversion Bong Boon Hean was promoted to this position in 2013. He leads, oversees project and conversion teams located both in Singapore and China.	N.A.

**BY ORDER OF THE BOARD**

**CHANG YE HONG  
CHAIRMAN  
23 FEBRUARY 2017**