



NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES
ON 27 FEBRUARY 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 27 February 2020 in relation to the unaudited results for period ended 31 December 2019.

SGX-ST's queries

1) With reference to the unaudited financial statements for the year ended 31 December 2019, please provide the breakdown for the Company's other assets (current) amount of \$10,345,000 and \$11,624,000 for the year ended 31 December 2019 and 31 December 2018 respectively. Please provide an explanation for the decrease in other assets from \$11,624,000 for the year ended 31 December 2018 to \$10,345,000 for the year ended 31 December 2019.

2) It is disclosed on page 6 of the unaudited financial statements that Envipure Group had a trade and other receivables amount of \$7,672,000. Please provide the breakdown for the Company's trade and other receivables amount of \$23,015,000 and \$23,611,000 for the year ended 31 December 2018 and 31 December 2019 respectively. Taking into consideration the increase in trade and other receivables arising from the acquisition of the Envipure Group, please provide an explanation for the increase in trade and other receivables from \$23,015,000 for the year ended 31 December 2018 to S\$23,611,000 for the year ended 31 December 2019.

3) Please provide the breakdown for the Company's trade and other payables of \$17,667,000 and \$13,488,000 for the year ended 31 December 2019 and 31 December 2018 respectively.

The Board's response

1.

	Group's other assets		
	31.12.2019 S\$'000	31.12.2018 S\$'000	Variance S\$'000
Unbilled revenue	8,318	9,948	(1,630)
Prepayments	641	765	(124)
Deposits to secure service	1,386	911	475
Total	10,345	11,624	(1,279)

Excluding the unbilled revenue, prepayments and deposits to secure service arising from the acquisition of Envipure Group of \$3.7 million from 31.12.2019 balances, the decrease in other assets is \$5.0 million. This is mainly due to less unbilled receivables in FY2019 as compared to FY2018. This decrease is offset by an increase in deposit to secure service.

2.

	Group trade and other receivables		
	31.12.2019 S\$'000	31.12.2018 S\$'000	Variance S\$'000
<u>Trade receivables</u>			
Outside Parties	26,203	22,726	3,477
Less allowance for impairment	(3,339)	(281)	(3,058)
Retention receivables on long term contract	597	400	197
Net trade receivables – subtotal	23,461	22,845	616
<u>Other receivables</u>			-
Outside parties	150	170	(20)
Net other receivables – subtotal	150	170	(20)
Total trade and other receivables	23,611	23,015	596

Movements in above allowance on trade receivables:	31.12.2019 S\$'000	31.12.2018 S\$'000	Variance S\$'000
Balance at beginning of the year	281	259	22
Arising from acquisition of subsidiaries	3,061	-	3,061
Charge for trade receivables to profit or loss included in other losses	15	22	(7)
Charge for trade receivables to profit or loss included in administrative expenses	16	-	16
Utilised	(34)	-	(34)
Balance at end of the year	3,339	281	3,058

Excluding the trade and other receivables (less allowance for impairment) arising from the acquisition of Envipure Group of approximately \$7.6 million, trade and other receivables reduced approximately \$7.1 million from \$23.0 million in FY2018 to \$15.9 million in FY2019. The decrease is mainly due to collections from customers.

3. The breakdown of the Group's trade and other payables is as follows:

	Group's trade and other payables		
	31.12.2019 S\$'000	31.12.2018 S\$'000	Variance S\$'000
<u>Trade payables:</u>			
Outside parties and accrued liabilities	17,360	12,861	4,499
<u>Other payables:</u>			
Outside parties	-	85	(85)
Other payables – acquisition of subsidiary	2,250	4,536	(2,286)
Total trade and other payables	19,610	17,482	2,128

Presented as:			
Trade and other payables – current	17,667	13,488	4,179
Other payables – non current	1,943	3,994	(2,051)
Total trade and other payables	19,610	17,482	2,128

BY ORDER OF THE BOARD

Chang Yeh Hong
Executive Chairman
2 March 2020