



NORDIC
Group Limited

NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

2Q2017 Financial Statement and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2Q2017 \$'000	2Q2016 \$'000	Change %	Half year ended 30/06/2017 \$'000	Half year ended 30/06/2016 \$'000	Change %
Revenue	24,047	21,812	10	43,970	41,623	6
Cost of Sales	(15,983)	(14,948)	7	(29,802)	(28,469)	5
Gross Profit	8,064	6,864	17	14,168	13,154	8
Interest Income	42	30	40	66	59	12
Finance Costs	(273)	(286)	(5)	(459)	(550)	(17)
Marketing and Distribution Costs	(113)	(135)	(16)	(224)	(292)	(23)
Administrative Expenses	(3,113)	(2,571)	21	(5,091)	(5,356)	(5)
Other (Losses) / Gains	(55)	(258)	(79)	(455)	(598)	(24)
Profit Before Tax from Continuing Operations	4,552	3,644	25	8,005	6,417	25
Income Tax Expense	(831)	(587)	42	(1,474)	(1,045)	41
Profit from Continuing Operations, Net of Tax	3,721	3,057	22	6,531	5,372	22
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	96	(175)	(155)	(55)	(308)	(82)
Other Comprehensive Income, Net of Tax	96	(175)	(155)	(55)	(308)	(82)
Total Comprehensive Income	3,817	2,882	32	6,476	5,064	28
Profit Attributable to:						
Owners of the Parent, Net of Tax	3,721	3,057	22	6,531	5,372	22
Profit Net of Tax	3,721	3,057	22	6,531	5,372	22
Total Comprehensive Income Attributable to:						
Owners of the Parent	3,817	2,882	32	6,476	5,064	28
Total Comprehensive Income	3,817	2,882	32	6,476	5,064	28

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:

		2Q2017	2Q2016	Change	Half year ended 30/06/2017	Half year ended 30/06/2016	Change
		\$'000	\$'000	%	\$'000	\$'000	%
1	Interest income	42	30	40	66	59	12
2	Interest on borrowings	(273)	(286)	(5)	(459)	(550)	(17)
3	Depreciation	(777)	(811)	(4)	(1,348)	(1,536)	(12)
4	Foreign exchange gain/(loss)	(184)	(358)	(49)	(806)	(1,095)	(26)
5	Provision of impairment for trade debts	-	(7)	(100)	-	(7)	(100)
6	Gain/(loss) on disposal of plant and equipment	1	(2)	(150)	(9)	73	(112)
7	Other income/expenses	106	95	12	54	124	(56)
8	Government grant income	19	15	27	299	307	(3)

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	
	30 June 2017 S\$'000	31 December 2016 S\$'000	30 June 2017 S\$'000	31 December 2016 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	36,150	17,063	-	-
Investments in Subsidiary	-	-	1,350	1,350
Goodwill	29,900	22,451	-	-
Total Non-Current Assets	66,050	39,514	1,350	1,350
Current Assets				
Inventories	12,322	7,894	3,615	-
Trade and Other Receivables	32,229	27,103	15,986	15,958
Other Assets	1,921	5,089	1	4,276
Cash and Cash Equivalents	38,954	32,325	12,224	8,388
Total Current Assets	85,426	72,411	31,826	28,622
Total Assets	151,476	111,925	33,176	29,972
Liabilities and Equity				
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	48,794	45,137	10,193	6,275
Treasury Shares	(1,303)	(1,279)	(1,303)	(1,279)
Other Reserves	452	507	-	-
Total Equity	70,382	66,804	31,329	27,435
Non-Current Liabilities				
Other Financial Liabilities	21,768	6,845	-	-
Other Payables	5,453	-	-	-
Deferred Tax Liabilities	2,936	979	-	-
Total Non-Current Liabilities	30,157	7,824	-	-
Current Liabilities				
Income Tax Payable	2,385	2,113	41	10
Trade and Other Payables	18,615	12,791	1,806	2,527
Other Liabilities	546	1,153	-	-
Other Financial Liabilities	29,391	21,240	-	-
Total Current Liabilities	50,937	37,297	1,847	2,537
Total Liabilities	81,094	45,121	1,847	2,537
Total Liabilities and Equity	151,476	111,925	33,176	29,972

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

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
16,261	13,130	9,246	11,994

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
18,768	3,000	6,845	-

Details of any collateral

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q2017 \$'000	2Q2016 \$'000	Half year ended 30/06/2017 \$'000	Half year ended 30/06/2016 \$'000
Cash flows from operating activities:				
Profit before tax	4,552	3,644	8,005	6,417
Adjustments for:				
Depreciation expense	777	811	1,348	1,536
(Gains)/Loss on disposal of plant and equipment	(1)	2	9	(73)
Interest income	(42)	(30)	(66)	(59)
Interest expense	273	286	459	550
Unrealised foreign exchange (gains)/losses	(146)	126	209	595
Operating cash flows before changes in working capital	5,412	4,839	9,964	8,966
Trade and other receivables	(4,253)	353	(2,707)	945
Other assets	(114)	122	3,913	(472)
Inventories	2,245	(982)	(907)	(981)
Other liabilities	44	(899)	(607)	(1,070)
Trade and other payables	(1,094)	(4,755)	(3,722)	(5,349)
Cash generated from operations	2,240	(1,322)	5,933	2,039
Income tax paid	(804)	(536)	(1,197)	(785)
Net cash (used in) / generated from operating activities	1,436	(1,858)	4,736	1,254
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired) *	8,824	-	8,824	-
Purchase of plant and equipment	(418)	(646)	(748)	(843)
Proceeds from disposal of plant and equipment	127	19	127	171
Interest received	42	30	66	59
Net cash (used in) investing activities	8,575	(597)	8,269	(613)
Cash flows from financing activities:				
Other financial liabilities	(5,712)	2,744	(7,745)	904
Increase from new borrowings	5,000	-	5,000	-
Decrease in finance leases	(30)	(40)	(59)	(67)
Dividends paid	(2,874)	(2,561)	(2,874)	(2,561)
Purchase of treasury shares	(24)	(146)	(24)	(294)
Interest paid	(273)	(286)	(459)	(550)
Net cash generated from / (used in) financing activities	(3,913)	(289)	(6,161)	(2,568)
Net increase / (decrease) in cash and cash equivalents	6,098	(2,744)	6,845	(1,927)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	202	(135)	(216)	(647)
Cash and cash equivalents at beginning of period	32,654	35,871	32,325	35,566
Cash and cash equivalents at end of period	38,954	32,992	38,954	32,992

Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of \$76,000 acquired by means of finance leases in 1H2017 (1H2016: \$105,000).

* The acquisition of Ensure Engineering Pte Ltd (“Ensure”) was completed on 28 April 2017. The fair values of identifiable assets acquired and liabilities assumed for Ensure are as follows:

	<u>Pre-acquisition book value under FRS \$'000</u>	<u>Provisional fair value \$'000</u>
<u>2017: Ensure</u>		
Property, plant and equipment	19,703	19,703
Inventories	706	706
Trade and other receivables	2,941	2,941
Other assets	223	223
Cash and cash equivalents	14,604	14,604
Trade and other payables	(1,291)	(1,291)
Other financial liabilities	(25,802)	(25,802)
Income tax payables	5	5
Deferred tax liabilities	(1,865)	(1,865)
Net identifiable assets	9,224	9,224
Goodwill arising on consolidation		7,449
Purchase consideration		16,673
Amount payable to vendor of the acquired subsidiary		(10,893)
Cash of subsidiaries acquired		(14,604)
Net cash flow from acquisition of subsidiaries		(8,824)

The fair values of identifiable assets acquired and liabilities assumed shown above for Ensure are provisional as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations has not yet expired.

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company						Non-Controlling Interests \$'000	Total Equity S'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Treasury Shares S'000	Parent Sub-Total \$'000		
Group - Q2								
<u>Balance at 1 April 2017</u>	22,439	121	47,947	235	(1,279)	69,463	-	69,463
Total comprehensive income for the period	-	96	3,721	-	-	3,817	-	3,817
Dividends paid	-	-	(2,874)	-	-	(2,874)	-	(2,874)
Purchase of treasury shares	-	-	-	-	(24)	(24)	-	(24)
Balance at 30 June 2017	22,439	217	48,794	235	(1,303)	70,382	-	70,382
<u>Balance at 1 April 2016</u>	22,439	299	39,380	235	(1,004)	61,349	65	61,414
Total comprehensive income for the period	-	(175)	3,057	-	-	2,882	-	2,882
Purchase of treasury shares	-	-	-	-	(146)	(146)	-	(146)
Dividends paid	-	-	(2,561)	-	-	(2,561)	-	(2,561)
Balance at 30 June 2016	22,439	124	39,876	235	(1,150)	61,524	65	61,589
Group - 6 months								
<u>Balance at 1 January 2017</u>	22,439	272	45,137	235	(1,279)	66,804	-	66,804
Total comprehensive income for the period	-	(55)	6,531	-	-	6,477	-	6,477
Dividends paid	-	-	(2,874)	-	-	(2,874)	-	(2,874)
Purchase of treasury shares	-	-	-	-	(24)	(24)	-	(24)
Balance at 30 June 2017	22,439	217	48,794	235	(1,303)	70,382	-	70,382
<u>Balance at 1 January 2016</u>	22,439	432	37,065	235	(856)	59,315	65	59,380
Total comprehensive income for the period	-	(308)	5,372	-	-	5,064	-	5,064
Purchase of treasury shares	-	-	-	-	(294)	(294)	-	(294)
Dividends paid	-	-	(2,561)	-	-	(2,561)	-	(2,561)
Balance at 30 June 2016	22,439	124	39,876	235	(1,150)	61,524	65	61,589

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
Company - Q2				
<u>Balance at 1 April 2017</u>	22,439	13,089	(1,279)	34,249
Total comprehensive income for the period	-	(22)	-	(22)
Purchase of treasury shares	-	-	(24)	(24)
Dividends paid	-	(2,874)	-	(2,874)
Balance at 30 June 2017	22,439	10,193	(1,303)	31,329
<u>Balance at 1 April 2016</u>	22,439	4,721	(1,004)	26,156
Total comprehensive income for the period	-	2,647	-	2,647
Purchase of treasury shares	-	-	(146)	(146)
Dividends paid	-	(2,561)	-	(2,561)
Balance at 30 June 2016	22,439	4,807	(1,150)	26,096
Company - 6 months				
<u>Balance at 1 January 2017</u>	22,439	6,275	(1,279)	27,435
Total comprehensive income for the period	-	6,792	-	6,792
Purchase of treasury shares	-	-	(24)	(24)
Dividends paid	-	(2,874)	-	(2,874)
Balance at 30 June 2017	22,439	10,193	(1,303)	31,329
<u>Balance at 1 January 2016</u>	22,439	4,688	(856)	26,271
Total comprehensive income for the period	-	2,680	-	2,680
Purchase of treasury shares	-	-	(294)	(294)
Dividends paid	-	(2,561)	-	(2,561)
Balance at 30 June 2016	22,439	4,807	(1,150)	26,096

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

	2Q2017		1Q2017	
Issued and paid up capital	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	393,175,400	21,160	393,175,400	21,160
Less: Treasury shares	(62,500)	(24)	-	-
Total issued share capital excluding treasury shares as at end of period	393,112,900	21,136	393,175,400	21,160

	1H2017		1H2016	
Treasury shares	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	6,824,600	1,279	6,824,600	1,279
Share buy-back	62,500	24	-	-
Treasury shares balance as at end of period	6,887,100	1,303	6,824,600	1,279

The company had no convertibles as at the end of the current financial period and as at the end of the corresponding period for the 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 total number of issued shares excluding treasury shares as at the end of the period was 393,112,900 ordinary shares (31 December 2016: 393,175,400 ordinary shares).

As at 30 June 2017, the Company holds 6,887,100 treasury shares (31 December 2016: 6,824,600 treasury shares).

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

The Company purchased and held 6,887,100 treasury shares (31 December 2016: 6,824,600 treasury shares) during the period. Except for the purchase 62,500 treasury shares, there was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 30 June 2017.

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

The figures have not been audited or reviewed..

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 policies and methods of computation consistent with those used in the preparation of the most recently audited financial statements.

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

There were no changes in accounting policies and methods of computation during the current financial period.

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

	2Q2017	2Q2016	Half year ended 30/06/2017	Half year ended 30/06/2016
The Group				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,721	3,057	6,531	5,372
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	393,159	394,097	393,167	394,479
Earnings per share - basic/fully diluted (cents)	0.9	0.8	1.7	1.4

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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Net asset value (\$'000)	70,382	66,804	31,329	27,435
Number of ordinary shares(excluding Treasury Shares) ('000)	393,113	393,175	393,113	393,175
Net asset value per share (cents)	17.9	17.0	8.0	7.0

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

Review of performance for quarter ended 30 June 2017 ("2Q2017")

Revenue

Our revenue increased by approximately \$2.2 million or 10%, from approximately \$21.8 million in 2Q2016 to approximately \$24.0 million in 2Q2017. The increase was mainly due to increase in revenue from maintenance segment mainly contributed by Ensure which was acquired on 28 April 2017. This increase was offset by a decrease in project revenue due to less project completion in 2Q2017.

Business Segment	2Q2017 \$'000	2Q2016 \$'000	Change \$'000	Change %
Project Services	14,443	16,329	(1,886)	(12)
Maintenance Services	9,604	5,483	4,121	75
Total	24,047	21,812	2,235	10

Gross profit and gross profit margin

Gross profit for 2Q2017 increased approximately \$1.2 million or 17% from \$6.9 million in 2Q2016 to \$8.1 million in 2Q2017. Similarly, gross profit margin increased from 31% in 2Q2016 to 33% in 2Q2017.

Gross profit for 2Q2017 is higher than 2Q2016 mainly due to contribution from Ensure. The increase in gross profit margin was due to higher margins from the Maintenance Services segment.

Finance costs

Interest expense remained constant at \$0.3 million.

Marketing and distribution expenses

Marketing and distribution expenses remained constant at \$0.1 million.

Administrative expenses

Administrative expenses increased by \$0.5 million or 21% due to contribution from Ensure.

Other gains and losses

Other losses of approximately \$55,000 were recorded in 2Q2017, arising mainly from foreign exchange losses of approximately \$184,000, due to the weakening of the United States Dollar against the Singapore Dollar during the period under review. The foreign exchange loss was offset by other income of approximately \$106,000 and government grant income of \$15,000.

For 2Q2016, other losses of approximately \$0.3 million were recorded arising mainly from foreign exchange losses of \$0.4 million offset by other income of approximately \$0.1 million.

Review of performance for half-year ended 30 June 2017 (“1H2017”)

Revenue

Our revenue increased by approximately \$2.3 million or 6%, from approximately \$41.6 million in 1H2016 to approximately \$43.9 million in 1H2017. The increase was mainly due to revenue contribution from Ensure which was acquired on 28 April 2017. This increase was offset by a decrease in project revenue due to less project completion in 1H2017.

Business Segment	1H2017 \$'000	1H2016 \$'000	Change \$'000	Change %
Project Services	27,504	31,474	(3,970)	(13)
Maintenance Services	15,079	10,149	4,930	49
Others	1,387	-	1,387	nm
Total	43,970	41,623	2,347	6

Gross profit and gross profit margin

Gross profit for 1H2017 increased approximately \$1.0 million or 8% from \$13.2 million in 1H2016 to \$14.2 million in 1H2017 while gross profit margin remains at approximately 32%.

Gross profit for 1H2017 is higher than 1H2016 mainly due to contribution from Ensure.

Finance costs

Interest expense decreased approximately \$0.1 million or 17%, from approximately \$550,000 in 1H2016 to approximately \$459,000 in 1H2017 mainly due to lower borrowings during the period.

Marketing and distribution costs

Marketing and distribution costs decreased approximately \$68,000 or 23%, from approximately \$293,000 in 1H2016 to approximately \$224,000 in 1H2017, mainly due to lower sales and marketing costs incurred.

Administrative expenses

Administrative expenses decreased approximately \$0.5 million or 5% from \$5.4 million in 1H2016 to \$5.1 million in 1H2017. This is mainly due to lower staff costs.

Other gains and losses

Other losses of approximately \$0.5 million were recorded in 1H2017, arising mainly from foreign exchange losses of approximately \$0.8 million, due to the weakening of the United States Dollar against the Singapore Dollar during the period under review. The foreign exchange loss was offset by government grants received of approximately \$0.3 million.

For 1H2016, other losses of approximately \$0.6 million were recorded, arising mainly from foreign exchange losses of approximately \$1.1 million, due to the weakening of the United States Dollar against the Singapore Dollar during the period under review. The foreign exchange loss was offset by government grants received of approximately \$0.3 million, gain on disposal of plant and equipment of approximately \$0.1 million and other income of approximately \$0.1 million.

Statement of Financial Position Review (as at 30 June 2017 compared to 31 December 2016)

Non-current assets

Non-current assets increased approximately \$26.5 million or 67% from approximately \$39.5 million as at 31 December 2016 to approximately \$66.1 million as at 30 June 2017.

The increase was mainly due to:

- (i) Inclusion of property, plant and equipment from Ensure of approximately \$19.7million (inclusive of the fair value revaluation of the properties arising from the acquisition of Ensure) as at 28 April 2017.
- (ii) Goodwill arising from the acquisition of Ensure of approximately \$7.4 million as at 28 April 2017.

This increase was partially offset by depreciation of property, plant and equipment of approximately \$1.4 million.

Current assets

Current assets increased approximately \$13.0 million or 18%, from approximately \$72.4 million as at 31 December 2016 to approximately \$85.4 million as at 30 June 2017.

The increase was due to inclusion of current assets from Ensure as at 28 April 2017.

Current liabilities

Current liabilities increased approximately \$13.6 million or 37%, from approximately \$37.3 million as at 31 December 2016 to approximately \$50.9 million as at 30 June 2017.

The increase was due to:

- (i) Inclusion of current liabilities from Ensure of approximately \$1.3 million as at 28 April 2017.
- (ii) Trade and other payables of approximately \$3.9 million which mainly relates to the deferred consideration payments for the acquisition of Ensure.
- (iii) Increase in other financial liabilities of \$8.1 million due to additional bank borrowings for working capital.
- (iv) Increase in income tax payable of \$0.3 million.

This increase was partially offset by a decrease in other liabilities of approximately \$0.6 million.

Non-current liabilities

Non-current liabilities increased by approximately \$22.3 million or 216%, from approximately \$7.8 million as at 31 December 2016 to approximately \$30.2 million as at 30 June 2017.

The increase was due to increase in other financial liabilities of approximately \$14.9 million, deferred tax liabilities of approximately \$2.0 million and increase in other payables of approximately \$5.4 million relating to non-current portion of the deferred consideration payments for the acquisition of Ensure.

Equity

Our capital and reserves increased by approximately \$3.6 million or 5% from \$66.8 million as at 31 December 2016 to \$70.4 million as at 30 June 2017. The increase is mainly due to the retention of net profit for 1H2017, partially offset by distribution of dividends in 2Q2017.

Statement of Cash Flows Review

2Q2017

We continued to maintain a healthy cash position with approximately \$39.0 million in cash and bank balances as at the end of 2Q2017.

In 2Q2017, net cash from operating activities amounted to approximately \$1.5 million compared with approximately \$1.9 million used in 2Q2016. We generated net cash of approximately \$5.4 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$3.1 million. This was mainly due to (i) cash outflow from increase in trade and other receivables of approximately \$4.2 million; (ii) cash outflow from increase in other assets of approximately \$0.1 million; and (iii) cash outflow from decrease in trade and other payables of approximately \$1.1 million. These cash outflows were offset by cash inflows from decrease in inventories of approximately \$2.2 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.8 million.

Net cash from investing activities amounted to approximately \$8.6 million due to net cash inflow from the acquisition of Ensure of approximately \$8.8 million and proceeds from disposal of plant and equipment of approximately \$0.1 million, offset by cash outflow for the purchase of plant and equipment of approximately \$0.4 million.

Net cash of approximately \$3.9 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.9 million, interest payment of approximately \$0.3 million and repayment of bank borrowings of approximately \$0.7 million.

1H2017

In 1H2017, net cash generated from operating activities amounted to approximately \$4.8 million compared to approximately \$1.3 million in 1H2016. We generated net cash of approximately \$10.0 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$4.0 million. This was mainly due to (i) cash outflow from increase in trade and other receivables of approximately \$2.7 million; (ii) cash outflow from increase in inventories of approximately \$0.9 million; (iii) cash outflow from decrease in other liabilities of approximately \$0.6 million and (iv) cash outflow from decrease in trade and other payables of approximately \$3.7 million. These cash outflows were offset by cash inflow from the decrease in other assets of \$3.9 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$1.2 million.

Net cash from investing activities amounted to approximately \$8.3 million due to net cash inflow from the acquisition of Ensure of approximately \$8.8 million and proceeds from disposal of plant and equipment of approximately \$0.1 million, offset by cash outflow for the purchase of plant and equipment of approximately \$0.7 million.

Net cash of approximately \$6.2 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.9 million, interest payment of approximately \$0.5 million and repayment of bank borrowings of approximately \$2.9 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 or profit guarantee has been issued for the current financial reporting period.

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

Our Group has outstanding orders (including maintenance contracts) amounting to approximately \$111.5 million as at 30 June 2017. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above.

The deliveries for these orders will spread within the next 36 months and as such, we expect to derive sustained revenue streams from these orders up to FY2020. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

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

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 30 June 2017

- (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	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.653 cent 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	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.5372 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

(c) Date payable

5 September 2017

(d) Books closure date

24 August 2017

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

Not applicable.

13. Interested Person Transactions

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

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors (“the Board”) hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for the financial period ended 30 June 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**CHANG YEH HONG
CHAIRMAN
14 AUGUST 2017**