NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Q2 FY2015 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 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Q2 FY2015 $'000	Q2 FY2014 $'000	Change %	Half year ended 30/06/2015 $'000	Half year ended 30/06/2014 $'000	Change %
Revenue	21,055	17,816	18	37,668	32,237	17
Cost of Sales	(14,146)	(11,080)	28	(25,445)	(20,710)	23
Gross Profit	**6,909**	**6,736**	3	**12,223**	**11,527**	6
Interest Income	27	5	nm	53	11	nm
Finance Costs	(183)	(182)	1	(329)	(313)	5
Marketing and Distribution Costs	(269)	(159)	69	(503)	(369)	36
Administrative Expenses	(3,987)	(3,585)	11	(7,637)	(7,080)	8
Other Gains	239	(3)	nm	579	32	nm
Profit Before Tax from Continuing Operations	**2,736**	**2,812**	(3)	**4,386**	**3,808**	15
Income Tax Expense	(176)	(366)	(52)	(375)	(461)	(18)
Profit from Continuing Operations, Net of Tax	**2,560**	**2,446**	5	**4,011**	**3,347**	20
Other Comprehensive Income:						
Items that may be reclassified subsequently to Profit or Loss:						
Available-for-sale Financial Assets - Fair value changes arising during the period	-	(1,198)	nm	-	(2,721)	nm
Exchange Differences on Translating Foreign Operations, Net of Tax	(6)	20	nm	15	6	150
Other Comprehensive Income, Net of Tax	**(6)**	**(1,178)**	(99)	**15**	**(2,715)**	nm
Total Comprehensive Income	**2,554**	**1,268**	101	**4,026**	**632**	nm
Profit Attributable to:						
Owners of the Parent, Net of Tax	2,560	2,446	5	4,011	3,347	20
Non-Controlling Interests, Net of Tax	-	-	nm	-	-	nm
Profit Net of Tax	**2,560**	**2,446**	5	**4,011**	**3,347**	20
Total Comprehensive Income Attributable to:						
Owners of the Parent	2,554	1,268	101	4,026	632	nm
Non-Controlling Interests	-	-	nm	-	-	nm
Total Comprehensive Income	**2,554**	**1,268**	101	**4,026**	**632**	nm

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:

		Q2 FY2015 $'000	Q2 FY2014 $'000	Change %	Half year ended 30/06/2015 $'000	Half year ended 30/06/2014 $'000	Change %
1	Interest income	27	5	nm	53	11	nm
2	Interest on borrowings	(183)	(182)	1	(329)	(313)	5
3	Depreciation and amortisation	(849)	(808)	5	(1,550)	(1,494)	4
4	Foreign exchange gain/(loss)	243	(28)	nm	359	(192)	nm
5	Reversal of impairment for doubtful debts	8	-	nm	8	-	nm
6	Loss on disposal of plant and equipment	(1)	-	nm	(1)	-	nm

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	
	30/06/2015 $'000	31/12/2014 $'000	30/06/2015 $'000	31/12/2014 $'000
Assets				
Current Assets				
Inventories	7,549	7,315	-	-
Trade and Other Receivables	30,429	23,925	14,371	14,951
Other Assets	1,659	568	-	2
Cash and Cash Equivalents	30,025	32,799	10,796	13,057
Total Current Assets	69,662	64,607	25,167	28,010
Non-Current Assets				
Property, Plant and Equipment	21,041	13,421	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Intangible asset	81	190	-	-
Goodwill	22,451	12,292	-	-
Total Non-Current Assets	43,573	25,903	1,350	1,350
Total Assets	113,235	90,510	26,517	29,360
Liabilities and Equity				
Current Liabilities				
Income Tax Payable	1,597	1,220	8	7
Trade and Other Payables	20,479	10,479	1,864	3,025
Other Financial Liabilities	21,475	22,210	-	-
Total Current Liabilities	43,551	33,909	1,872	3,032
Non-Current Liabilities				
Other Financial Liabilities	13,438	3,110	-	-
Deferred Tax Liabilities	929	200	-	-
Total Non-Current Liabilities	14,367	3,310	-	-
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	32,164	30,153	2,206	3,889
Other Reserves	642	627	-	-
Equity, Attributable to Owners of the Parent	55,245	53,219	24,645	26,328
Non-Controlling Interests	72	72	-	-
Total Equity	55,317	53,291	24,645	26,328
Total Liabilities and Equity	113,235	90,510	26,517	29,360

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 2015		As at 31 December 2014	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
4,230	17,245	437	21,773

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
13,038	400	1,816	1,294

Details of any collateral

1. Charge mortgage on the motor vehicles 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 ("Austin Energy") is secured against mortgage on a leasehold property owned by KKH (2003) Engineering Enterprises Pte. Ltd. ("KKH"), a wholly-owned subsidiary of Austin Energy.

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

	Q2 FY2015 $'000	Q2 FY2014 $'000	Half year ended 30/06/2015 $'000	Half year ended 30/06/2014 $'000
Cash flows from operating activities:				
Profit before tax	2,736	2,812	4,386	3,808
Adjustments for:				
Depreciation expense	741	713	1,347	1,304
Amortization of intangible assets	108	95	203	190
Loss on disposal of plant and equipment	1	-	1	-
Interest income	(27)	(5)	(53)	(11)
Interest expense	183	182	329	313
Unrealised foreign exchange loss/(gain)	172	(225)	(11)	(129)
Operating cash flows before changes in working capital	3,914	3,572	6,202	5,475
Trade and other receivables	(2,312)	(2,276)	(3,648)	1,004
Other assets	(13)	(80)	(604)	490
Inventories	(317)	95	167	399
Trade and other payables	(1,026)	1,352	(1,806)	(3)
Cash generated from operations	246	2,663	311	7,365
Income tax paid	(711)	(265)	(985)	(407)
Net cash (used in) / generated from operating activities	(465)	2,398	(674)	6,958
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired) *	(7,460)	-	(7,460)	-
Purchase of plant and equipment	(1,791)	(288)	(1,996)	(868)
Other financial assets	-	-	-	(9,023)
Proceeds from disposal of plant and equipment	6	-	6	-
Interest received	27	5	53	11
Net cash (used in) investing activities	(9,218)	(283)	(9,397)	(9,880)
Cash flows from financing activities:				
Other financial liabilities	(311)	(864)	(5,613)	2,984
Increase from new borrowings	15,239	-	15,239	-
Decrease in finance leases	(18)	(7)	(33)	(16)
Dividends paid	(2,000)	(1,000)	(2,000)	(1,000)
Interest paid	(183)	(182)	(329)	(313)
Net cash generated from / (used in) financing activities	12,727	(2,053)	7,264	1,655
Net increase / (decrease) in cash and cash equivalents	3,044	62	(2,807)	(1,267)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(187)	266	33	156
Cash and cash equivalents at beginning of period	27,168	13,413	32,799	14,852
Cash and cash equivalents at end of period	30,025	13,741	30,025	13,741

* The acquisition of Austin Energy (Asia) Pte Ltd ("Austin Energy") and its wholly-owned subsidiary, KKH (2003) Engineering Enterprises Pte. Ltd. ("KKH", and together with Austin Energy, the "AE Group"). was completed on 2 June 2015. The fair values of identifiable assets acquired and liabilities assumed for AE Group are as follows:

	Pre-acquisition book value under FRS $'000	Provisional fair value $'000
2015: AE Group		
Property, plant and equipment	2,507	6,985
Inventories	400	400
Trade and other receivables	2,855	2,855
Other assets	487	487
Cash and cash equivalents	7,540	7,540
Trade and other payables	(1,058)	(1,058)
Income tax payables	(938)	(938)
Deferred tax liabilities	-	(777)
Net identifiable assets	11,793	15,494
Intangible arising on consolidation		94
Goodwill arising on consolidation		10,159
Purchase consideration		25,747
Amount payable to vendor of the acquired subsidiaries		(10,747)
Cash of subsidiaries acquired		(7,540)
Net cash flow used in acquisition of subsidiaries		7,460

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							
	Issued Capital $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Statutory Reserves $'000	Fair Value Reserves S'000	Parent Sub-Total $'000	Non-Controlling Interests $'000	Total Equity S'000
Group – Q2								
Balance at 1 April 2015	22,439	413	31,604	235	-	54,691	72	54,763
Total comprehensive income for the period	-	(6)	2,560	-	-	2,554	-	2,554
Dividends paid	-	-	(2,000)	-	-	(2,000)	-	(2,000)
Balance at 30 June 2015	22,439	407	32,164	235	-	55,245	72	55,317
Balance at 1 April 2014	22,439	203	4,239	196	(1,523)	45,554	-	45,554
Total comprehensive income for the period	-	20	2,446	-	(1,198)	1,268	-	1,268
Dividends paid	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Balance at 30 June 2014	22,439	223	25,685	196	(2,721)	45,822	-	45,822
Group - 6 months								
Balance at 1 January 2015	22,439	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the period	-	15	4,011	-	-	4,026	-	4,026
Dividends paid	-	-	(2,000)	-	-	(2,000)	-	(2,000)
Balance at 30 June 2015	22,439	407	32,164	235	-	55,245	72	55,317
Balance at 1 January 2014	22,439	217	23,338	196	-	36,190	-	46,190
Total comprehensive income for the period	-	6	3,347	-	(2,721)	632	-	632
Dividends paid	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Balance at 30 June 2014	22,439	223	25,685	196	(2,721)	45,822	-	45,822

	Issued Capital $'000	Retained Earnings $'000	Fair Value Reserves $'000	Total equity $'000
Company – Q2				
Balance at 1 April 2015	22,439	3,927	-	26,366
Total comprehensive income for the period	-	279	-	279
Dividends paid	-	(2,000)	-	(2,000)
Balance at 30 June 2015	22,439	2,206	-	24,645
Balance at 1 April 2014	22,439	2,459	(1,523)	23,375
Total comprehensive income for the period	-	154	(1,198)	(1,044)
Dividends paid	-	(1,000)	-	(1,000)
Balance at 30 June 2014	22,439	1,613	(2,721)	21,331
Company - 6 months				
Balance at 1 January 2015	22,439	3,889	-	26,328
Total comprehensive income for the period	-	317	-	317
Dividends paid	-	(2,000)	-	(2,000)
Balance at 30 June 2015	22,439	2,206	-	24,645
Balance at 1 January 2014	22,439	2,406	-	24,845
Total comprehensive income for the period	-	207	(2,721)	(2,514)
Dividends paid	-	(1,000)	-	(1,000)
Balance at 30 June 2014	22,439	1,613	(2,721)	21,331

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

Not applicable.

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 400,000,000 ordinary shares (31 December 2014: 400,000,000 ordinary shares).

The Company does not hold any treasury shares during the respective financial periods.

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

Not applicable.

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 in accordance with Singapore Standards on Auditing.

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 used in the preparation of the financial information in this announcement.

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

	Q2 FY2015	Q2 FY2014	Half year ended 30/06/2015	Half year ended 30/06/2014
<u>The Group</u>				
Net profit after tax attributable to equity holders of the Company ($'000)	2,560	2,446	4,011	3,347
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Earnings per share - basic/fully diluted (cents)	0.6	0.6	1.0	0.8

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	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Net asset value ($'000)	55,245	53,219	24,645	26,328
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	13.8	13.3	6.2	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 30 June 2015 ("2Q2015")

Revenue

Our revenue increased by approximately $3.3 million or 18.5%, from approximately $17.8 million in 2Q2014 to approximately $21.1 million in 2Q2015. The increase was mainly due to higher revenue contribution from the System Integration and MRO & Trading business segments.

In addition, there is a new revenue stream from AE Group which was acquired since 2 June 2015. Consequently, the Group has added a new segment "Insulation Services" to represent the services offered by AE Group.

Business Segment	2Q2015	2Q2014	Change	Change (%)
System Integration	$8.1m	$7.3m	$0.8m	11.0
MRO & Trading	$1.5m	$0.3m	$1.2m	nm
Precision Engineering	$3.7m	$3.3m	$0.4m	12.1
Scaffolding Services	$6.8m	$6.9m	($0.1m)	(1.4)
Insulation Services	$1.0m	-	$1.0m	nm
Total	**$21.1m**	**$17.8m**	**$3.3m**	**18.5**

nm: not meaningful

Gross profit and gross profit margin

Gross profit for 2Q2015 increased approximately $0.2 million or 2.6% from $6.7 million in 2Q2014 to $6.9 million in 2Q2015 while gross profit margin decreased from 37.8% in 2Q2014 to 32.8% in 2Q2015.

Gross profit for 2Q2015 is higher than 2Q2014 mainly due to new addition of AE Group this year and higher gross profits from MRO & Trading business segment for the quarter under review. The increase is partially offset by lower gross profits from System Integration and Scaffolding Services business segments for the quarter under review.

Interest expense

Interest expense remained relatively constant at approximately $0.2million.

Marketing and distribution costs

Marketing and distribution costs increased approximately $0.1 million or 69.2%, from approximately $0.2 million in 2Q2014 to approximately $0.3 million in 2Q2015, mainly due to higher sales and marketing costs incurred for the quarter under review.

Administrative expenses

Administrative expenses increased approximately $0.4 million or 11.2%, from approximately $3.6 million in 2Q2014 to approximately $4.0 million in 2Q2015. The increase is mainly due to the administrative expenses of approximately $0.2 million, incurred by AE Group which was acquired since 2 June 2015 and professional fees incurred for this acquisition of approximately $0.1 million.

Other gains

Other gains of approximately $0.2 million were recorded in 2Q2015, arising mainly from foreign exchange gains.

Review of performance for half-year ended 30 June 2015 ("1H2015")

Revenue

Our revenue increased by approximately $5.5 million or 17.1%, from approximately $32.2 million in 1H2014 to approximately $37.7 million in 1H2015. The increase was due to higher revenue from the System Integration and MRO & Trading business segments as well as new revenue stream from AE Group which was acquired since 2 June 2015. This increase is partially offset by lower revenue from the Scaffolding Services business segment.

Business Segment	1H2015	1H2014	Change	Change (%)
System Integration	$15.5m	$12.3m	$3.2m	26.0
MRO & Trading	$3.1m	$0.9m	$2.2m	nm
Precision Engineering	$6.5m	$5.8m	$0.7m	12.1
Scaffolding Services	$11.6m	$13.2m	($1.6m)	(12.1)
Insulation Services	$1.0m	-	$1.0m	nm
Total	**$37.7m**	**$32.2m**	**$5.5m**	**17.1**

nm: not meaningful

Gross profit and gross profit margin

Gross profit for 1H2015 increased approximately $0.7 million or 6.0% from $11.5 million in 1H2014 to $12.2 million in 1H2015 while gross profit margin decreased from 35.8% in 1H2014 to 32.4% in 1H2015.

Gross profit for 2Q2015 is higher than 2Q2014 mainly due to new addition of AE Group this year and higher gross profits from the System Integration and MRO & Trading business segments for the period under review. The increase is partially offset by lower gross profits from the Scaffolding Services business segment.

Interest expense

Interest expense increased approximately $16,000 or 5.1%, from approximately $313,000 in 1H2014 to approximately $329,000 in 1H2015. This is mainly due to higher interest rate for the period under review.

Marketing and distribution costs

Marketing and distribution costs increased approximately $0.1 million or 36.3%, from approximately $0.4 million in 1H2014 to approximately $0.5 million in 1H2015, mainly due to higher sales and marketing costs incurred.

Administrative expenses

Administrative expenses increased approximately $0.5 million or 7.9% from $7.1 million in 1H2014 to $7.6 million in 1H2015. This is mainly due to higher administrative expenses incurred by the System Integration business segment of approximately $0.3 million arising from higher operational costs as well as the administrative expenses of approximately $0.2 million incurred by AE Group, which was acquired since 2 June 2015.

Other gains

Other gains of approximately $0.6 million recorded in 1H2015, comprise mainly of foreign exchange gains of approximately $0.4 million and government grants received of approximately $0.2 million.

Statement of Financial Position Review (as at 30 June 2015 compared to 31 December 2014)

Non-current assets
Non-current assets increased approximately $17.7 million or 68.2% from approximately $25.9 million as at 31 December 2014 to approximately $43.6 million as at 30 June 2015.

The increase was mainly due to:

(i) Inclusion of property, plant and equipment from AE Group of approximately $2.5 million as at 30 June 2015.

(ii) Fair value revaluation on property, plant and equipment, as well as intangible assets and goodwill recognized upon consolidation of AE Group amounting to approximately $14.7 million.

Current assets
Current assets increased approximately $5.1 million or 7.8%, from approximately $64.6 million as at 31 December 2014 to approximately $69.7 million as at 30 June 2015.

The increase was due to:

(i) Inclusion of current assets from AE Group of approximately $11.1 million as at 30 June 2015.

(ii) Trade and other receivables of approximately $3.2 million.

(iii) Other assets of approximately $0.6 million.

This increase was partially offset by a decrease in cash and cash equivalents of approximately $9.7 million.

Current liabilities
Current liabilities increased approximately $9.7 million or 28.4%, from approximately $33.9 million as at 31 December 2014 compared to $43.6 million as at 30 June 2015.

The increase was due to:

(i) Inclusion of current liabilities from AE Group of approximately $5.3 million as at 30 June 2015.

(ii) Trade and other payables of approximately $9.2 million mainly due to the second and final consideration payments for the acquisition of Austin Energy, payable by 1 December 2015 and 1 June 2016 respectively.

This increase was partially offset by a decrease in other financial liabilities of approximately $4.5 million mainly due to repayment of short term bank borrowing.

Non-current liabilities
Non-current liabilities increased by approximately $11.1 million or 334.0%, from approximately $3.3 million as at 31 December 2014 to approximately $14.4 million as at 30 June 2015.

The increase was due to

(i) Other financial liabilities of approximately $10.3 million which mainly comprises of the non-current portion of the bank loan drawn down for funding the acquisition of Austin Energy.

(ii) Deferred tax liabilities of approximately $0.7 million due to inclusion of deferred tax liabilities of AE Group of approximately $0.8 million as at 30 June 2015.

Equity
Our capital and reserves increased by approximately $2.0 million or 3.8% from $53.3 million as at 31 December 2014 to $55.3 million as at 30 June 2015 mainly due to the retention of net profit for 1H2015, partially offset by distribution of dividends in 2Q2015.

Statement of Cash Flows Review

2Q2015

We continued to maintain a healthy cash position with approximately $30.0 million in cash and bank balances as at the end of 2Q2015.

In 2Q2015, net cash used in operating activities amounted to approximately $0.5 million compared with approximately $2.4 million generated in the corresponding period in FY2014. We generated net cash of approximately $3.9 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately $3.7 million. This was mainly due to (i) cash outflow from increase in trade and other receivables of approximately $2.3 million and (ii) cash outflow from decrease in trade and other payables of approximately $1.0 million. Our operating cash flow from operations was reduced by income taxes payment of approximately $0.7 million.

Net cash of approximately $9.2 million was used in investing activities mainly for the acquisition of Austin Energy and purchase of plant and equipment.

Net cash of approximately $12.7 million was generated from financing activities. This was mainly due to a $15.0 million loan drawn down for purpose of funding the acquisition of Austin Energy. The increase is partially offset by dividend payment of $2.0 million and interest payment of $0.2m.

1H2015

In 1H2015, net cash used in operating activities amounted to $0.7 million compared with approximately $7.0 million generated in the corresponding period in FY2014. We generated net cash of approximately $6.2 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately $5.9 million. This was mainly due to (i) cash outflow from increase in trade and other receivables of approximately $3.6 million and (ii) cash outflow from decrease in trade and other payables of approximately $1.8 million. Our operating cash flow from operations was reduced by income tax payments of approximately $1.0 million.

Net cash of approximately $9.4 million was used in investing activities mainly for acquisition of Austin Energy and purchase of plant and equipment.

Net cash of approximately $7.3 million was generated from financing activities. This was mainly due to net increase in bank borrowings of approximately $9.6 million. The cash generated is partially offset by dividend payment of $2.0 million and interest payment of $0.3 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

Currently, our Group has outstanding orders amounting to approximately $46.1 million. 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 FY2017. These confirmed orders are however, subjected to possible cancellation, deferral, rescheduling or variations by customers.

Our System Integration and MRO & Trading business segments have delivered growth in their financial performance despite the challenges faced in the current marine and offshore oil and gas industries. Our System Integration and MRO & Trading business segments will continue to shore up their sales and marketing efforts and improve their revenue streams.

Our Precision Engineering business segment has continued to prove resilience in delivering sustainable revenue growth. To further support their growth in the future, the Precision Engineering business segment is currently exploring and evaluating strategic partnerships with businesses offering complementary service and product offerings to this segment.

Our Scaffolding Services business segment, currently preparing for the upcoming peak season where major maintenance works are carried out by our customers, is expected to achieve higher revenue in the second half of the year.

The acquisition of Austin Energy was completed on 2 June 2015. This new Insulation Services business segment offers the Group an inroad to tap on the growth of the fast growing pharmaceutical industry. In addition, the synergistic partnership between the Scaffolding Services business segment and the Insulation Services business segment is expected to generate higher revenue for the Group.

While the challenges for the marine, offshore oil and gas industries may linger, the Group is confident that it will weather well in the current market conditions, with its diversified business model, established market position, and growth prospects brought by the synergistic partnership of our Scaffolding Services and Insulation Services business segments.

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 2015

(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	0.4 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? No.

(c) Date payable

8 September 2015

(d) Books closure date

28 August 2015

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 hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
13 AUGUST 2015