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Nordic Delivers 34% Increase in Net Profit to S\$5.4 million in 1H2016 Despite Forex Loss of S\$1.1 million

- Financial performance continues to defy industry norms in 1H2016 as revenue increased 11% to S\$41.6 million while gross profit margin improved from 25% in 1H2015 to 32% in 1H2016
- Group's outstanding project-based order book stood at approximately S\$26.6 million while Group secured a total of approximately S\$50.4 million worth of contracts including maintenance works in 1H2016
- Group to reward shareholders with an interim dividend of 0.5372 Singapore cents, maintaining a dividend payout ratio of 40%

Singapore, 12 August 2016 – Nordic Group Limited (“Nordic” or the “Group”), an SGX-Mainboard listed company, and a leading supplier of automation system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services serving mainly the marine, offshore oil and gas, petrochemical and pharmaceutical industries, recorded revenue of S\$41.6 million for the six months ended 30 June 2016 (“1H2016”). Financial highlights are as follows:

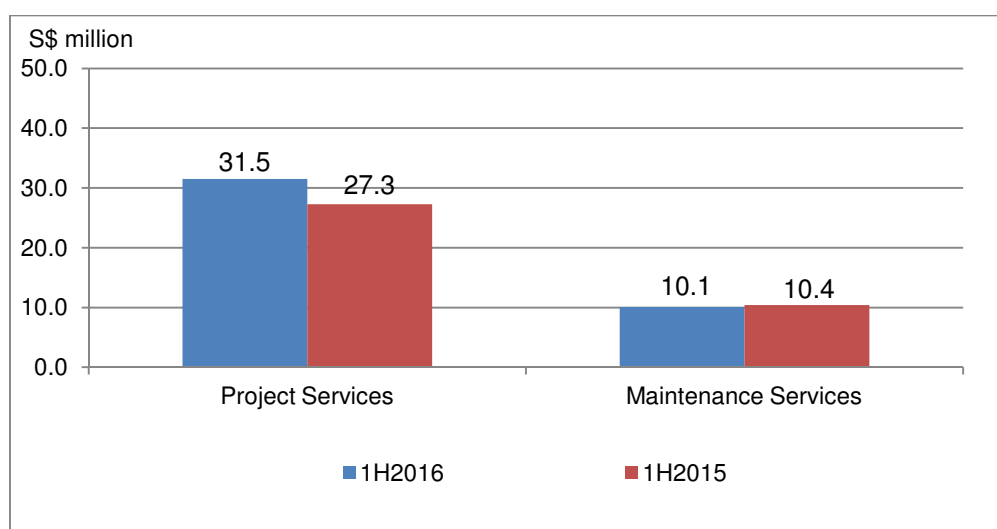
Financial Highlights	2Q2016	2Q2015	Chg	1H2016	1H2015	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,812	21,055	4	41,623	37,668	11
Gross Profit	6,864	5,552	24	13,154	9,553	38
Gross Profit Margin	31%	26%	5 ppts	32%	25%	7 ppts
Net Profit after tax attributable to Equity Holders	3,057	2,560	19	5,372	4,011	34
Net Profit Margin	14%	12%	2 ppts	13%	11%	2 ppts
Basic Earnings Per Share (“EPS”) (cents)*	0.8	0.6	33	1.4	1.0	40

*Based on weighted average number of 394,097,000 ordinary shares for 2Q2016 and 394,479,000 for 1H2016 (2Q2015: 400,000,000, 1H2015: 400,000,000)
Ppts: Percentage Points

Financial Review

The Group's revenue increased 11% from S\$37.6 million in 1H2015 to S\$41.6 million in 1H2016, mainly contributed by the Group's project services segment. Gross profit increased 38% from S\$9.6 million in 1H2015 to S\$13.2 million in 1H2016 while gross profit margin improved from 25% in 1H2015 to 32% in 1H2016, recognising higher margins from both the Project Services and Maintenance Services business segments. The Group incurred a foreign exchange loss of approximately S\$1.1 million in 1H2016 largely due to the weakening of the USD against the SGD. However, the foreign exchange loss was partially offset by government grants of approximately S\$0.3 million, gain on disposal of plant and equipment of approximately S\$0.1 million and other income of approximately S\$0.1 million.

Revenue by Business Segment



Despite a challenging environment weighing on the offshore marine, oil and gas industries, the Group managed to grow its net profit attributable to shareholders by 34% year-on-year (“yoy”) to S\$5.4 million in 1H2016. Basic earnings per share also increased by 40% from 1.0 Singapore cents in 1H2015 to 1.4 Singapore cents in 1H2016.

The Group continued to maintain a robust balance sheet with cash and cash equivalents of S\$33.0 million as at 30 June 2016. Net asset value per share has also increased from 15.0 Singapore cents as at 31 December 2015 to 15.6 Singapore cents as at 30 June 2016¹.

Business Outlook

The Group's outstanding order book stands at approximately S\$26.0 million as of date of announcement, excluding maintenance contracts. These orders are expected to be delivered within the next 24 months and will generate sustainable revenue streams for the Group. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

Despite persistently weak oil prices, the Group has continued to build up its contract winning momentum for 2016. On 19 February 2016, the Group announced approximately S\$2.5 million worth of scaffolding and insulation contracts. On 28 March 2016, the Group announced another S\$36.5 million worth of mainly maintenance contracts with repeat customers in the marine, petrochemical, oil and gas sectors. On 25 April 2016, the Group announced several contracts worth a total of S\$7.2 million including conversion works from a repeat customer, maintenance works with oil and gas majors and works on new-build vessels from one of the largest private shipyards in China. On 6 July 2016, the Group secured approximately S\$4.2 million worth of contracts including the supply of a valve remote control and tank gauging systems for a new customer, supply of labour for insulation works at an oil major's refinery and renewal of maintenance contracts with repeat customers. Barring any unforeseen circumstances, these contracts, when delivered, should enable the Group to maintain its profitability amidst softer market conditions.

In line with its financial performance, the Group will reward shareholders with an interim cash dividend for 1H2016 of 0.5372 Singapore cents per share, thereby maintaining its dividend payout ratio of 40%, and representing a semi-annual dividend yield of 2.1%².

¹ Based on the 393,732,000 ordinary shares on issue excluding treasury shares as of June 30, 2016 (31 December 2015: 395,331,000)

² Based on the closing price as of August 10, 2016 of \$026.

Commenting on the Group's financial performance and business outlook, Mr. Chang Yeh Hong, Executive Chairman of Nordic said,

“We are delighted to see sustainable earnings growth in 1H2016 despite the recent reversal in Brent crude prices that further impacted the sector. We managed to consistently stay profitable through the diversification of our revenue streams.

During 1H2016, we secured several contracts amounting to approximately S\$50.4 million consisting of mainly maintenance works. The current order book of S\$26.6 million, combined with recurring income from maintenance contracts should tide us over this current volatility in the industry.

On a positive note, we have fully paid up our financial obligations to the Vendors with regards to the acquisition of Austin Energy (Asia) Pte Ltd on 1 June 2016. That would free up more cash flow and enable us to seek potential earnings-accretive acquisitions at attractive valuations given the current market conditions.

We would like to express our heartfelt appreciation to our loyal customers and suppliers for their continuous support during this difficult period. We would also like to reward our valued shareholders for their unwavering support by declaring an interim dividend of 0.5372 Singapore cents for 1H2016. Barring any unforeseen circumstances, our Group remain cautiously optimistic in maintaining profitability in the upcoming period. ”

~ The End ~

About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is an automation system integration solutions provider serving mainly the marine and offshore oil and gas industries. Headquartered in Singapore, Nordic currently has two production facilities located in Suzhou, the People's Republic of China (“PRC”), Nordic has a sales and marketing network that covers Singapore and various locations in the PRC, which allows the Group to be in close proximity to its customers.

Designed to meet the demands of vessel automation, the Group's **System Integration** division offers integrated control and management systems for newly built ships as well as ships which are already in operation but are in need of upgrades and conversions. These systems are versatile and dependable ship automation solutions that provide a standard user-friendly interface to the subsystems of modern vessels.

Nordic also designs, procures, develops and manufactures actuators, valves and other components for assembly and integration into valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems used by customers in their vessels.

Under its **Maintenance, Repair and Overhaul (“MRO”) and Trading** division, Nordic provides customers with a dedicated team of consultants who are responsible for any after-sales requests for maintenance, repairs and overhauls as part of its after-sales service. The MRO and Trading division provides the Group with a steady stream of income as there is a constant need for vessels to be maintained or repaired.

The Group’s **Precision Engineering** division designs and builds tooling systems, and provides turnkey production solutions to customers in the marine, oil and gas, aerospace, medical and electronic manufacturing services industries.

Multiheight Scaffolding Pte Ltd and its subsidiary (“Multiheight Group”) fronts the Group’s **Scaffolding Services** division, and is an established leader in metal scaffold works servicing the Process, Construction and Marine industries. Multiheight Group offers a full suite of scaffolding services including design, erection, modification and dismantling, sales and rental. Multiheight Group has two decades of scaffolding experience and is a MOM-approved scaffold contractor committed to high standards of Quality, Safety and Health (QSH) practices and standards throughout the organisation, warehouse, workshop, on site and all activities carried out by the organisation.

In June 2015, Nordic completed the acquisition of Austin Energy (Asia) Pte Ltd and its subsidiary Austin Energy Offshore Pte Ltd (“AE Group”), which specialises in comprehensive **Insulation Services** (primarily in Thermal Insulation) and Passive Fireproofing Services in the Petrochemical, Pharmaceutical, Marine and Oil and Gas Industries.

Following the acquisition of AE Group, the Group has revised its business segments into three major units to align with the corporate strategy going forward. The three business segments are **Project Services, Maintenance Services** and **Others** (including investment holdings). **Project Services** segment comprises of capital projects which the Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services. The **Maintenance Services** segment deals with maintenance and repair services provided by the Group which also includes trading, supply of materials, spare parts and components. The **Others** segment relates to other revenue streams, including dividends from investment holdings.

Issued for and on behalf of Nordic Group Limited

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