



NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

2Q2016 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 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2Q2016 \$'000	2Q2015 \$'000	Change %	Half year ended 30/06/2016 \$'000	Half year ended 30/06/2015 \$'000	Change %
Revenue	21,812	21,055	4	41,623	37,668	11
Cost of Sales	(14,948)	(15,503)	(4)	(28,469)	(28,115)	1
Gross Profit	6,864	5,552	24	13,154	9,553	38
Interest Income	30	27	11	59	53	11
Finance Costs	(286)	(183)	56	(550)	(329)	67
Marketing and Distribution Costs	(135)	(269)	(50)	(292)	(503)	(42)
Administrative Expenses	(2,571)	(2,630)	(2)	(5,356)	(4,967)	8
Other (Losses) / Gains	(258)	239	nm	(598)	579	nm
Profit Before Tax from Continuing Operations	3,644	2,736	33	6,417	4,386	46
Income Tax Expense	(587)	(176)	234	(1,045)	(375)	178
Profit from Continuing Operations, Net of Tax	3,057	2,560	19	5,372	4,011	34
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(175)	(6)	nm	(308)	15	nm
Other Comprehensive Income, Net of Tax	(175)	(6)	nm	(308)	15	nm
Total Comprehensive Income	2,882	2,554	13	5,064	4,026	26
Profit Attributable to:						
Owners of the Parent, Net of Tax	3,057	2,560	19	5,372	4,011	34
Non-Controlling Interests, Net of Tax	-	-	-	-	-	-
Profit Net of Tax	3,057	2,560	19	5,372	4,011	34
Total Comprehensive Income Attributable to:						
Owners of the Parent	2,882	2,554	13	5,064	4,026	26
Non-Controlling Interests	-	-	-	-	-	-
Total Comprehensive Income	2,882	2,554	13	5,064	4,026	26

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:

	2Q2016	2Q2015	Change	Half year ended 30/06/2016	Half year ended 30/06/2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
1 Interest income	30	27	11	59	53	11
2 Interest on borrowings	(286)	(183)	56	(550)	(329)	67
3 Depreciation and amortisation	(811)	(849)	(4)	(1,536)	(1,550)	(1)
4 Foreign exchange gain/(loss) (Provision)/reversal of impairment for trade	(358)	243	nm	(1,095)	359	nm
5 debts	(7)	8	nm	(7)	8	nm
6 Gain/(loss) on disposal of plant and equipment	(2)	(1)	100	73	(1)	nm
7 Government grant income	15	2	650	307	45	582

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 June 2016 S\$'000	31 December 2015 S\$'000	30 June 2016 S\$'000	31 December 2015 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	17,623	18,544	-	-
Investments in Subsidiary	-	-	1,350	1,350
Goodwill	22,451	22,451	-	-
Total Non-Current Assets	40,074	40,995	1,350	1,350
Current Assets				
Inventories	9,969	8,988	-	-
Trade and Other Receivables	24,944	25,889	18,164	14,910
Other Assets	1,484	1,012	6	-
Cash and Cash Equivalents	32,992	35,566	8,148	11,230
Total Current Assets	69,389	71,455	26,318	26,140
Total Assets	109,463	112,450	27,668	27,490
Liabilities and Equity				
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Treasury Shares	(1,150)	(856)	(1,150)	(856)
Retained Earnings	39,876	37,065	4,807	4,688
Other Reserves	359	667	-	-
Equity, Attributable to Owners of the Parent	61,524	59,315	26,096	26,271
Non-Controlling Interests	65	65	-	-
Total Equity	61,589	59,380	26,096	26,271
Non-Current Liabilities				
Other Financial Liabilities	9,003	11,171	-	-
Deferred Tax Liabilities	979	958	-	-
Total Non-Current Liabilities	9,982	12,129	-	-
Current Liabilities				
Income Tax Payable	1,761	1,501	6	6
Trade and Other Payables	11,972	17,321	1,566	1,213
Other Liabilities	65	1,135	-	-
Other Financial Liabilities	24,094	20,984	-	-
Total Current Liabilities	37,892	40,941	1,572	1,219
Total Liabilities	47,874	53,070	1,572	1,219
Total Liabilities and Equity	109,463	112,450	27,668	27,490

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 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,207	19,887	4,128	16,856

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
8,753	250	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 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. (collectively known as "AE Group") is secured against mortgage on a leasehold property owned by Austin Energy Offshore 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

	2Q2016 \$'000	2Q2015 \$'000	Half year ended 30/06/2016 \$'000	Half year ended 30/06/2015 \$'000
Cash flows from operating activities:				
Profit before tax	3,644	2,736	6,417	4,386
Adjustments for:				
Depreciation expense	811	741	1,536	1,347
Amortization of intangible assets	-	108	-	203
Loss/(Gain) on disposal of plant and equipment	2	1	(73)	1
Interest income	(30)	(27)	(59)	(53)
Interest expense	286	183	550	329
Unrealised foreign exchange loss/(gain)	126	172	595	(11)
Operating cash flows before changes in working capital	4,839	3,914	8,966	6,202
Trade and other receivables	353	(2,312)	945	(3,648)
Other assets	122	(13)	(472)	(604)
Inventories	(982)	(317)	(981)	167
Other liabilities	(899)	-	(1,070)	-
Trade and other payables	(4,755)	(1,026)	(5,349)	(1,806)
Cash generated from operations	(1,322)	246	2,039	311
Income tax paid	(536)	(711)	(785)	(985)
Net cash (used in) / generated from operating activities	(1,858)	(465)	1,254	(674)
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired)	-	(7,460)	-	(7,460)
Purchase of plant and equipment	(646)	(1,791)	(843)	(1,996)
Proceeds from disposal of plant and equipment	19	6	171	6
Interest received	30	27	59	53
Net cash (used in) investing activities	(597)	(9,218)	(613)	(9,397)
Cash flows from financing activities:				
Other financial liabilities	2,744	(311)	904	(5,613)
Increase from new borrowings	-	15,239	-	15,239
Decrease in finance leases	(40)	(18)	(67)	(33)
Dividends paid	(2,561)	(2,000)	(2,561)	(2,000)
Purchase of treasury shares	(146)	-	(294)	-
Interest paid	(286)	(183)	(550)	(329)
Net cash generated from / (used in) financing activities	(289)	12,727	(2,568)	7,264
Net increase / (decrease) in cash and cash equivalents	(2,744)	3,044	(1,927)	(2,807)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(135)	(187)	(647)	33
Cash and cash equivalents at beginning of period	35,871	27,168	35,566	32,799
Cash and cash equivalents at end of period	32,992	30,025	32,992	30,025

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 \$'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Treasury Shares \$'000	Parent Sub-Total \$'000		
Group - Q2								
<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
<u>Balance at 1 April 2015</u>	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
Group - 6 months								
<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
<u>Balance at 1 January 2015</u>	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

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
Company - Q2				
<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
<u>Balance at 1 April 2015</u>	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
Company - 6 months				
<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
<u>Balance at 1 January 2015</u>	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

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

	1H2016		1H2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and paid up capital				
As at 1 January	395,330,800	21,583	400,000,000	22,439
Less: Treasury shares	(1,598,600)	(294)	-	-
Total issued share capital excluding treasury shares as at end of period	393,732,200	21,289	400,000,000	22,439

	1H2016		1H2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Treasury shares				
As at 1 January	4,669,200	856	-	-
Share buy-back	1,598,600	294	-	-
Treasury shares balance as at end of period	6,267,800	1,150	-	-

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 393,732,200 ordinary shares (31 December 2015: 395,330,800 ordinary shares).

As at 30 June 2016, the Company holds 6,267,800 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 6,267,800 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 30 June 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 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

Similarly as disclosed in the results announcement for the year ended 31 December 2015, certain reclassification has been made to 1H2015 and 2Q2015 to enhance comparability with 1H2016 and 2Q2016. Accordingly, the cost of sales increased by \$2.67 million and \$1.36 million for 1H2015 and 2Q2015 respectively. Administrative expenses decreased 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

	2Q2016	2Q2015	Half year ended 30/06/2016	Half year ended 30/06/2015
<u>The Group</u>				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,057	2,560	5,372	4,011
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	394,097	400,000	394,479	400,000
Earnings per share - basic/fully diluted (cents)	0.8	0.6	1.4	1.0

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value (\$'000)	61,524	59,315	26,096	26,271
Number of ordinary shares(excluding Treasury Shares) ('000)	393,732	395,331	393,732	395,331
Net asset value per share (cents)	15.6	15.0	6.6	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 2016 ("2Q2016")

Revenue

Our revenue increased by approximately \$0.7 million or 4%, from approximately \$21.1 million in 2Q2015 to approximately \$21.8 million in 2Q2016. The increase was mainly due to increase in revenue from project segment mainly contributed by AE Group which was acquired on 2 June 2015. This increase was offset by a decrease in maintenance revenue due to less maintenance work in 2Q2016.

Business Segment	2Q2016	2Q2015	Change	Change (%)
Project Services	\$16.3m	\$14.2m	\$2.1m	15
Maintenance Services	\$5.5m	\$6.9m	(\$1.4m)	(20)
Total	\$21.8m	\$21.1m	\$0.7m	4

Gross profit and gross profit margin

Gross profit for 2Q2016 increased approximately \$1.3 million or 24% from \$5.6 million in 2Q2015 to \$6.9 million in 2Q2016. Similarly, gross profit margin increased from 26% in 2Q2015 to 31% in 2Q2016.

Gross profit for 2Q2016 is higher than 2Q2015 mainly due to contribution from AE Group. The increase in gross profit margin was due to higher margins from both the Project Services and Maintenance Services segments.

Finance costs

Interest expense increased approximately \$0.1 million or 56%, from approximately \$0.2 million in 2Q2015 to approximately \$0.3 million in 2Q2016 mainly due to the bank loan drawn down for the financing of the acquisition of AE Group.

Marketing and distribution expenses

Marketing and distribution expenses decreased approximately \$0.1 million or 50% from \$0.2 million in 1Q2015 to \$0.1 million in 2Q2016, mainly due to lower sales and marketing costs incurred.

Administrative expenses

Administrative expenses remained relatively constant at \$2.6 million.

Other gains and losses

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

For 2Q2015, other gains of approximately \$0.2 million were recorded arising mainly from foreign exchange gains.

Review of performance for half-year ended 30 June 2016 (“1H2016”)

Revenue

Our revenue increased by approximately \$4.0 million or 11%, from approximately \$37.6 million in 1H2015 to approximately \$41.6 million in 1H2016. The increase was mainly due to revenue contribution from AE Group which was acquired on 2 June 2015. This increase was offset by a decrease in maintenance revenue due to less maintenance work in 1H2016.

Business Segment	1H2016	1H2015	Change	Change (%)
Project Services	\$31.5m	\$27.2m	\$4.3m	16
Maintenance Services	\$10.1m	\$10.4m	(\$0.3m)	(3)
Total	\$41.6m	\$37.6m	\$4.0m	11

Gross profit and gross profit margin

Gross profit for 1H2016 increased approximately \$3.6 million or 38% from \$9.5 million in 1H2015 to \$13.1 million in 1H2016 while gross profit margin increased from 25% in 1H2015 to 32% in 1H2016.

Gross profit for 1H2016 is higher than 1H2015 mainly due to contribution from AE Group. The increase in gross profit margin was due to higher margins from both the Project Services and Maintenance Services segments.

Finance costs

Interest expense increased approximately \$0.2 million or 67%, from approximately \$0.3 million in 1H2015 to approximately \$0.5 million in 1H2016 mainly due to the bank loan drawn down for the financing of the acquisition of AE Group.

Marketing and distribution costs

Marketing and distribution costs decreased approximately \$0.2 million or 42%, from approximately \$0.5 million in 1H2015 to approximately \$0.3 million in 1H2016, mainly due to lower sales and marketing costs incurred.

Administrative expenses

Administrative expenses increased approximately \$0.4 million or 8% from \$5.0 million in 1H2015 to \$5.4 million in 1H2016. This is mainly due to contribution from AE Group, which was acquired on 2 June 2015.

Other gains and losses

Other losses of approximately \$0.6 million were recorded in 1H2016, 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.

For 1H2015, other gains of approximately \$0.6 million was recorded, comprising 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 2016 compared to 31 December 2015)

Non-current assets

Non-current assets decreased approximately \$0.9 million or 2% from approximately \$41.0 million as at 31 December 2015 to approximately \$40.1 million as at 30 June 2016.

The decrease was mainly due to depreciation of property, plant and equipment of approximately \$1.5 million partially offset with acquisition of plant and equipment of approximately \$0.9 million.

Current assets

Current assets decreased approximately \$2.1 million or 3%, from approximately \$71.5 million as at 31 December 2015 to approximately \$69.4 million as at 30 June 2016.

The decrease was due to decrease in cash and cash equivalents of approximately \$2.6 million and decrease in trade and other receivables of \$0.9 million offset with increase in inventories of approximately \$0.9 million and increase in other assets of \$0.5 million.

Current liabilities

Current liabilities decreased approximately \$3.0 million or 8%, from approximately \$40.9 million as at 31 December 2015 compared to \$37.9 million as at 30 June 2016.

The decrease was due to decrease in trade and other payables of approximately \$5.3 million and decrease in other liabilities of approximately \$1.1 million offset by increase in income tax payable of approximately \$0.3 million and increase in other financial liabilities of approximately \$3.1 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$2.1 million or 18%, from approximately \$12.1 million as at 31 December 2015 to approximately \$10.0 million as at 30 June 2016.

The decrease was due to decrease in other financial liabilities of \$2.1 million.

Equity

Our capital and reserves increased by approximately \$2.2 million or 4% from \$59.4 million as at 31 December 2015 to \$61.6 million as at 30 June 2016. The increase is mainly due to the retention of net profit for 1H2016, partially offset by distribution of dividends in 2Q2016.

Statement of Cash Flows Review

2Q2016

We continued to maintain a healthy cash position with approximately \$33.0 million in cash and bank balances as at the end of 2Q2016.

In 2Q2016, net cash used in operating activities amounted to approximately \$1.9 million compared with approximately \$0.5 million used in 2Q2015. We generated net cash of approximately \$4.8 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$6.2 million. This was mainly due to (i) cash outflow from increase in inventories of approximately \$1.0 million; (ii) cash outflow from decrease in other liabilities of approximately \$0.9 million; and (iii) cash outflow from decrease in trade and other payables of approximately \$4.8 million. These cash outflows were offset by cash inflows from decrease in trade and other receivables and other assets of approximately \$0.3 million and \$0.1 million respectively. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.5 million.

Net cash of approximately \$0.6 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$0.3 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.6 million, interest payment of approximately \$0.3 million and purchase of treasury shares of approximately \$0.2 million. This cash outflow was offset by an increase in cash from bank borrowings of approximately \$2.7 million.

1H2016

In 1H2016, net cash generated from operating activities amounted to approximately \$1.3 million compared to approximately \$0.7 million used in 1H2015. We generated net cash of approximately \$9.0 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$7.0 million. This was mainly due to (i) cash outflow from increase in inventories of approximately \$1.0 million; (ii) cash outflow from increase in other liabilities of approximately \$1.1 million; (iii) cash outflow from increase in other assets of approximately \$0.5 million and (iv) cash outflow from decrease in trade and other payables of approximately \$5.3 million. These cash outflows were offset by cash inflow from the decrease in trade and other receivables of \$0.9 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$0.8 million.

Net cash of approximately \$0.6 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$2.6 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.6 million, interest payment of approximately \$0.5 million and purchase of treasury shares of approximately \$0.3 million. The cash outflow was offset by an increase in cash from bank borrowings of approximately \$0.9 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

Currently, our Group has outstanding orders amounting to approximately \$26 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 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 more recently the contagion effect from the fallout of some of the local oil and gas players, the Group's growth is envisaged to be highly uncertain and the Group's results are expected to be erratic.

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 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	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.5372 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	0.4 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

(c) Date payable

2 September 2016

(d) Books closure date

25 August 2016

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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YE HONG
CHAIRMAN
12 AUGUST 2016