



NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Full Year Financial Statements and Related Announcement for the Year Ended 31 December 2019

PART I – INFORMATION REQUIRED FOR 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 YEAR ENDED 31 DECEMBER 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income	4Q2019	4Q2018	Change	12M2019	12M2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	23,190	21,525	8	84,627	91,694	(8)
Cost of sales	(17,205)	(17,892)	(4)	(63,353)	(68,368)	(7)
Gross profit	5,985	3,633	65	21,274	23,326	(9)
Other income and gains	867	1,135	(24)	2,922	3,448	(15)
Distribution costs	(260)	(173)	50	(735)	(687)	7
Administrative expenses	(3,797)	(3,781)	*	(12,040)	(12,326)	(2)
Finance costs	(442)	(374)	18	(1,537)	(1,485)	4
Other losses	(852)	(315)	170	(704)	(120)	487
Profit before tax from continuing operations	1,501	125	1,101	9,180	12,156	(24)
Income tax expense	(236)	93	(354)	(700)	(831)	(16)
Profit for the year	1,265	218	480	8,480	11,325	(25)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(117)	(3)	3,800	(338)	(190)	78
Total comprehensive income for the year	1,148	215	434	8,142	11,135	(27)
Profit attributable to owners of the parent	1,265	218	480	8,480	11,325	(25)
Total comprehensive income attributable to owners of the parent	1,148	215	434	8,142	11,135	(27)

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:

		4Q2019	4Q2018	Change	12M2019	12M2018	Change
		\$'000	\$'000	%	\$'000	\$'000	%
1	Interest income	148	101	47	479	367	31
2	Interest on borrowings	(442)	(374)	18	(1,537)	(1,485)	4
3	Depreciation of property, plant and equipment	(832)	(816)	2	(3,040)	(2,771)	10
4	Depreciation from right-of-use asset	(167)	-	100	(167)	-	100
5	Amortisation of intangible asset	(55)	-	100	(55)	-	100
6	Foreign exchange (loss)/gain	(848)	(192)	342	(630)	272	(332)
7	(Loss)/gain on disposal of plant and equipment	-	(3)	(100)	117	481	(76)
8	Other income	118	107	10	438	534	(18)
9	Government grant income	1	-	nm	188	227	(17)
10	Other payables written back - Ensure vendors	600	927	(35)	1,700	1,567	8
11	Impairment of inventories	-	(97)	(100)	(59)	(97)	(39)
12	Impairment of trade receivables	(4)	(23)	(83)	(15)	(23)	(35)

nm: not meaningful

*: Less than 1%

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	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	30,724	30,266	6,403	6,511
Right-of-use asset	3,470	-	1,730	-
Investment in subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
Intangible asset	665	-	-	-
Deferred tax asset	149	-	-	-
Total non-current assets	64,560	59,818	9,483	7,861
<u>Current assets</u>				
Asset held-for-sale	8,076	8,076	-	-
Inventories	12,045	10,095	-	-
Trade and other receivables	23,611	23,015	20,324	12,264
Other assets	10,345	11,624	665	641
Cash and cash equivalents	43,200	39,232	23,819	20,092
Total current assets	97,277	92,042	44,808	32,997
Total assets	161,837	151,860	54,291	40,858
Equity and liabilities				
Equity attributable to the owners of the parent				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(1,736)	(1,567)	(1,736)	(1,567)
Retained earnings	65,208	59,795	21,679	8,989
Other reserves	(13)	325	-	-
Total equity	85,898	80,992	42,382	29,861
Non-current liabilities				
Provision	565	-	-	-
Deferred tax liabilities	3,169	3,013	12	-
Other financial liabilities	3,863	5,815	-	-
Lease liabilities	3,354	-	1,716	-
Other payables	1,944	3,994	-	-
Total non-current liabilities	12,895	12,822	1,728	-
Current liabilities				
Liabilities held for sale under FRS 105	3,000	8,403	-	-
Provision	1,711	-	-	-
Income tax payable	1,989	1,016	239	75
Trade and other payables	17,667	13,488	1,105	1,322
Other financial liabilities	37,728	34,988	8,800	9,600
Lease liabilities	162	-	37	-
Other liabilities	787	151	-	-
Total current liabilities	63,044	58,046	10,181	10,997
Total liabilities	75,939	70,868	11,909	10,997
Total equity and liabilities	161,837	151,860	54,291	40,858

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

Amount repayable in one year or less, or on demand

As at 31 December 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19,034	21,694	26,634	16,757

Amount repayable after one year

As at 31 December 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,863	-	5,815	-

Details of any collateral

The borrowings are secured over:

1. Charged mortgage on the motor vehicles of certain subsidiaries for finance lease liabilities
2. Borrowings drawn down for working capital are secured against mortgage on leasehold properties owned by Ensure Engineering Pte Ltd, Austin Energy Offshore Pte Ltd and Nordic Group Limited

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

	4Q2019 \$'000	4Q2018 \$'000	12M2019 \$'000	12M2018 \$'000
Cash flows from operating activities:				
Profit before tax	1,501	125	9,180	12,156
Adjustments for:				
Depreciation of property, plant and equipment	832	816	3,040	2,771
Depreciation from right-of-use asset	167	-	167	-
Amortisation of intangible asset	55	-	55	-
Gains on disposal of plant and equipment	-	3	(117)	(481)
Interest income	(148)	(101)	(479)	(367)
Interest expense	442	374	1,537	1,485
Unrealised foreign exchange gain / (loss)	580	125	58	(424)
Operating cash flows before changes in working capital	3,429	1,342	13,441	15,140
Inventories	(1,632)	(197)	(220)	3,192
Trade and other receivables	3,044	1,198	7,076	(874)
Other assets	3,932	3,024	5,026	(1,721)
Provision	1,408	-	1,408	-
Trade and other payables	(4,611)	275	(9,790)	(5,017)
Other liabilities	288	141	137	(347)
Cash generated from operations	5,858	5,783	17,078	10,373
Income tax paid	(65)	138	(870)	(1,330)
Net cash generated from operating activities	5,793	5,921	16,208	9,043
Cash flows from investing activities:				
Acquisition of subsidiaries (Note on page 6)	83	-	83	-
Purchase of property, plant and equipment	(156)	(2,166)	(3,183)	(10,389)
Proceeds from disposal of plant and equipment	-	19	170	5,980
Interest received	148	101	479	367
Net cash generated from/(used in) investing activities	75	(2,046)	(2,451)	(4,042)
Cash flows from financing activities:				
Other financial liabilities	(13,253)	434	(19,457)	(7,806)
Increase from new borrowings	12,135	-	15,000	10,000
Decrease in finance leases	(40)	(235)	(159)	(405)
Dividends paid	-	-	(3,067)	(6,493)
Purchase of treasury shares	-	(128)	(169)	(264)
Lease liability – principal portion paid	(189)	-	(189)	-
Interest paid	(337)	(374)	(1,429)	(1,485)
Net cash used in financing activities	(1,684)	(303)	(9,470)	(6,453)
Net increase / (decrease) in cash	4,184	3,572	4,287	(1,452)
Effect of foreign exchange rate adjustments	(647)	(88)	(319)	393
Cash balance at beginning of period	39,663	35,748	39,232	40,291
Cash at end of period	43,200	39,232	43,200	39,232

Note:

	<u>Pre-acquisition book value under FRS</u> \$'000	<u>Provisional fair value</u> \$'000
<u>2019: Envipure Group</u>		
Intangible asset		720
Plant and equipment	443	443
Right of use asset	39	39
Inventories	1,730	1,730
Trade and other receivables	7,672	7,672
Other assets	3,748	3,748
Cash and cash equivalents	14,883	14,883
Trade and other payables	(11,919)	(11,919)
Provision	(868)	(868)
Other liabilities	(499)	(499)
Income tax payable	<u>(1,149)</u>	<u>(1,149)</u>
Net identifiable assets	<u>14,080</u>	<u>14,800</u>
Cash paid		14,800
Cash of subsidiaries acquired		<u>14,883</u>
Net cash flow from acquisition of subsidiaries		<u>83</u>

Acquisition of Envipure Pte Ltd and subsidiaries ("Envipure Group") was completed on 21 November 2019. The fair values of identifiable assets acquired and liabilities assumed shown above for Envipure are provisional as the hindsight period (of not more than twelve months) allowed by SFRS(I) 3 Business Combinations will expire on 20 November 2020.

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

	Attributable to shareholders of the company					Total equity
	Issued capital	Foreign currency translation reserve	Retained earnings	Statutory reserves	Treasury shares	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group - Q4						
<u>Balance at 1 October 2019</u>	22,439	(131)	63,943	235	(1,736)	84,750
Total comprehensive income for the period	-	(117)	1,265	-	-	1,148
Balance at 31 December 2019	22,439	(248)	65,208	235	(1,736)	85,898
<u>Balance at 1 October 2018</u>	22,439	93	59,577	235	(1,439)	80,905
Total comprehensive income for the period	-	(3)	218	-	-	215
Purchase of treasury shares	-	-	-	-	(128)	(128)
Balance at 31 December 2018	22,439	90	59,795	235	(1,567)	80,992
Group - 12 months						
<u>Balance at 1 January 2019</u>	22,439	90	59,795	235	(1,567)	80,992
Total comprehensive income for the period	-	(338)	8,480	-	-	8,142
Dividend paid	-	-	(3,067)	-	-	(3,067)
Purchase of treasury shares	-	-	-	-	(169)	(169)
Balance at 31 December 2019	22,439	(248)	65,208	235	(1,736)	85,898
<u>Balance at 1 January 2018</u>	22,439	280	54,963	235	(1,303)	76,614
Total comprehensive income for the period	-	(190)	11,325	-	-	11,135
Dividend paid	-	-	(6,493)	-	-	(6,493)
Purchase of treasury shares	-	-	-	-	(264)	(264)
Balance at 31 December 2018	22,439	90	59,795	235	(1,567)	80,992

	Issued capital	Retained earnings	Treasury shares	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Company – Q4				
<u>Balance at 1 October 2019</u>	22,439	8,445	(1,736)	29,148
Total comprehensive income for the period	-	13,234	-	13,234
Balance at 31 December 2019	22,439	21,679	(1,736)	42,382
<u>Balance at 1 October 2018</u>	22,439	8,870	(1,439)	29,870
Total comprehensive income for the period	-	119	-	119
Purchase of treasury shares	-	-	(128)	(128)
Balance at 31 December 2018	22,439	8,989	(1,567)	29,861
<u>Company- 12 months</u>				
<u>Balance at 1 January 2019</u>	22,439	8,989	(1,567)	29,861
Total comprehensive income for the period	-	15,757	-	15,757
Dividend paid	-	(3,067)	-	(3,067)
Purchase of treasury shares	-	-	(169)	(169)
Balance at 31 December 2019	22,439	21,679	(1,736)	42,382
<u>Balance at 1 January 2018</u>	22,439	7,096	(1,303)	28,232
Total comprehensive income for the period	-	8,386	-	8,386
Purchase of treasury shares	-	(6,493)	-	(6,493)
Dividends paid	-	-	(264)	(264)
Balance at 31 December 2018	22,439	8,989	(1,567)	29,861

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

Issued and paid up capital	4Q2019		3Q2019	
	No. of shares	S\$'000	No. of shares	S\$'000
As at beginning of period	391,903,500	20,703	391,903,500	20,703
Less: Treasury shares bought during the period	-	-	-	-
Total issued share capital excluding treasury shares as at end of period	391,903,500	20,703	391,903,500	20,703

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 share capital of the Company, excluding treasury shares as at the end of the period was 391,903,500 ordinary shares (31 December 2018: 392,519,100 ordinary 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

There was no sales, transfer, disposals, cancellations and/or use of treasury shares at the end of the current financial period reported on.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

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

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the Group's non-cancellable operating lease commitments as at 31 December 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the Group recognises a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) as shown on the statements of financial position. The impact on the consolidated statement of profit or loss is not material.

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

	4Q2019	4Q2018	12M2019	12M2018
The Group				
Net profit after tax attributable to equity holders of the Company (\$'000)	1,265	218	8,480	11,325
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	391,904	392,731	392,145	392,967
Earnings per share - basic/fully diluted (cents)	0.3	0.1	2.2	2.9

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	
	31/12/19	31/12/18	31/12/19	31/12/18
Net asset value (\$'000)	85,898	80,992	42,382	29,861
Number of ordinary shares (excluding Treasury Shares) ('000)	391,904	392,519	391,904	392,519
Net asset value per share (cents)	21.9	20.6	10.8	7.6

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 31 December 2019 ("4Q2019")

Revenue

The Group's revenue increased by approximately \$1.7 million or 8%, from approximately \$21.5 million in 4Q2018 to approximately \$23.2 million in 4Q2019. This increase was due to higher revenue from Project and Maintenance services of approximately \$0.4 million or 4% and \$1.3 million or 12% respectively.

Business segment	4Q2019 \$'000	4Q2018 \$'000	Change \$'000	Change %
Project services	11,390	10,992	398	4
Maintenance services	11,800	10,533	1,267	12
Total	23,190	21,525	1,665	8

Gross profit and gross profit margin

Gross profit for 4Q2019 increased by approximately \$2.4 million or 65% from \$3.6 million in 4Q2018 to approximately \$6.0 million in 4Q2019. Gross profit margin increased from 16.9% in 4Q2018 to 25.8% in 4Q2019. The increase was due to absence of specific projects of lower margins during the quarter.

Other income and gains

Other income and gains decreased approximately \$0.3 million or 24% from approximately \$1.1 million in 4Q2018 to \$0.9 million in 4Q2019 mainly due to lower other payables written back – Ensure vendors which was no longer payable.

Distribution costs

Distribution cost increased by approximately \$87,000 or 50% from \$173,000 in 4Q2018 to \$260,000 in 4Q2019. This was mainly due to the contribution from our newly acquired subsidiaries, Envipure Pte Ltd and subsidiaries ("Envipure Group") on 21 November 2019.

Administrative expenses

Administrative expenses remained constant at approximately \$3.8 million.

Finance costs

Interest expense increased by approximately \$68,000 or 18% from \$374,000 in 4Q2018 to \$442,000 in 4Q2019 mainly due to increased borrowings and higher interest rates.

Other losses

Other losses increased approximately \$0.6 million or 170% from approximately \$0.3 million in 4Q2018 to \$0.9 million in 4Q2019. This was mainly due to increase in foreign exchange losses by \$0.6 million or 342% from \$0.2 million to \$0.8 million due to the weakening of United States Dollar against the Singapore dollar

Income tax expenses

Income tax expenses of approximately \$0.2 million is due to tax provision for net profits during the quarter. The effective tax rate for 4Q2019 is 16% which is close to the statutory tax rate of 17%.

Review of performance for the twelve months ended 31 December 2019 (“12M2019”)

Revenue

The Group’s revenue decreased by approximately \$7.1 million or 8% from approximately \$91.7 million in 12M2018 to \$84.6 million in 12M2019. This was due to a decrease in Project Services of approximately \$8.5 million or 17% and the absence of sales of carbon allowance in Others business segment. This decrease was offset by an increase in Maintenance Service segment of approximately \$5.2 million or 14%.

Business segment	12M2019	12M2018	Change	Change
	\$'000	\$'000	\$'000	%
Project services	41,590	50,089	(8,499)	(17)
Maintenance services	43,037	37,818	5,219	14
Others	-	3,787	(3,787)	(100)
Total	84,627	91,694	(7,067)	(8)

Gross profit and gross profit margin

Gross profit for 12M2019 decreased by approximately \$2.1 million or 9% from \$23.3 million in 12M2018 to approximately \$21.3 million in 12M2019. Gross profit margin remained constant at approximately 25.4% and 25.1% for 12M2018 and 12M2019.

Other income and gains

Other income and gains decreased approximately \$0.5 million or 15% from approximately \$3.4 million in 12M2018 to \$2.9 million in 12M2019 mainly due to lower gain on disposal of plant and equipment of \$0.4 million or 76%, lower other income and government grant income of approximately \$0.1 million or 18% each. This decrease was offset by an increase in other payables written back – Ensure vendors of \$0.1 million. This write back was because the payable was no longer payable.

Distribution costs

Distribution costs remained constant at approximately \$0.7 million.

Administrative expenses

Administrative expenses decreased by approximately \$0.3 million or 2% from \$12.3 million in 12M2018 to \$12.0 million in 12M2019 mainly due to lower staff costs.

Finance costs

Interest expenses remain constant at approximately \$1.5 million.

Other losses

Other losses increased approximately \$0.6 million or 487% from \$0.1 million in 12M2018 to \$0.7 million in 12M2019. This was mainly due to higher foreign exchange losses due to the weakening of United States Dollar against the Singapore dollar. Foreign exchange loss was \$0.6 million in 12M2019 as compared to foreign exchange gain of \$0.3 million in 12M2018.

Income tax expenses

Effective income tax rate remained constant at approximately 8% for 12M2018 and 12M2019. The lower effective tax rate is due to merger & acquisition allowance utilised.

Statement of Financial Position Review (as at 31 December 2019 compared to 31 December 2018)

Non-current assets

Non-current asset increased approximately \$4.7 million or 8% from approximately \$59.8 million as at 31 December 2018 to approximately \$64.6 million as at 31 December 2019. The increase was mainly due to acquisition of property, plant and equipment of approximately \$0.5 million offset by depreciation charge during the year, recording of right-of-use asset due to the new accounting standard as described in paragraph 5 above of \$3.5 million, increase in intangible asset less amortisation from the acquisition of Envipure Group of approximately \$0.7 million, deferred tax asset of \$0.1 million.

Current assets

Current asset increased approximately \$5.2 million or 6% from approximately \$92.0 million as at 31 December 2018 to \$97.3 million as at 31 December 2019. This increase was due to increase in cash and cash equivalents of approximately \$4.0 million mainly contributed by the newly acquired subsidiaries Envipure Group and inventories of approximately \$2.0 million. Increase in inventories was for deliveries in 1Q2020 and increase in trade and other receivables of approximately \$0.6 million. These increases were offset by a decrease in other assets of approximately \$1.3 million.

Equity

Our capital and reserves increased by approximately \$4.9 million or 6% from approximately \$81.0 million as at 31 December 2018 to approximately \$85.9 million as at 31 December 2019 mainly due to the increase in retention of net profit from 12M2019 of approximately \$5.4 million, offset by increase of treasury shares of approximately \$0.2 million and decrease of other reserve of approximately \$0.3 million.

Non-current liabilities

Non-current liabilities increased by approximately \$0.1 million or 1% from approximately \$12.8 million as at 31 December 2018 to approximately \$12.9 million as at 31 December 2019. The increase was mainly due to provision contributed by Envipure Group of \$0.6 million and increase of lease liabilities of approximately \$3.4 million due to recording of right-of-use liabilities due to the new accounting standard as described in paragraph 5 above and increase in deferred tax liabilities of \$0.2 million. These increases were offset by a decrease in other financial liabilities due to repayment of bank borrowings of \$2.0 million and decrease in other payables of \$2.1 million. Other payables reduced due to the write back and payment to Ensure vendors.

Current liabilities

Current liabilities increased approximately \$5.0 million or 9%, from approximately \$58.0 million as at 31 December 2018 to \$63.0 million as at 31 December 2019. The increase was due to the increase of other financial liabilities of approximately \$2.7 million due to more borrowings. Arising from the acquisition of Envipure Group, there were also increases in trade and other payable of approximately \$7.4 million, income tax payable of approximately \$1.4 million, provisions of approximately \$1.7 million and other liabilities of approximately \$0.6 million. These increases was offset by a decrease in liabilities held for sale under SFRS(I) 5 of approximately \$5.4 million and payment to suppliers of approximately \$3.4 million.

Statement of Cash Flows Review

4Q2019

We continue to maintain a healthy cash position with approximately \$43.2 million in cash and bank balances as at the end of 4Q2019.

In 4Q2019, net cash of approximately \$5.8 million was generated from operating activities. We generated operating cash flow before changes in working capital amounted to approximately \$3.4 million and net cash generated from operations amounted to \$5.9 million. This was mainly due to cash inflow from decrease in trade and other receivables and other assets of approximately \$3.0 million and \$3.9 million, increase of provision and other liabilities of approximately \$1.4 million and \$0.3 million. These increases were offset by cash outflow from an increase in inventories and trade and other payables of approximately \$1.6 million and \$4.6 million. Our operating cash flow from operation was decreased by income tax payment of approximately \$0.1 million.

Net cash generated from investing activities of approximately \$75,000 was mainly from interest received of \$148,000 and cash inflow from acquisition of subsidiaries of \$83,000. These cash inflows were offset by purchase of plant and equipment of \$156,000.

Net cash used in financing activities amounted to approximately \$1.7 million. This was mainly due to increase in financial liabilities and interest paid of approximately \$13.3 million and \$0.4 million. This cash outflow was offset by cash inflow of new borrowings of \$12.0 million.

12M2019

In 12M2019, net cash generated from operating activities amounted to approximately \$16.2 million. We generated net cash of approximately \$13.4 million from operating profits before working capital changes. Net cash generated from operations amounted to approximately \$17.1 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately \$7.1 million, cash inflow from decrease in other assets of approximately \$5.0 million, cash inflow from increase in provision of approximately \$1.4 million and increase in other liabilities of approximately \$0.1 million. These cash inflows were offset by cash outflow from the decrease in trade and other payables of approximately \$9.8 million and an increase in inventories of approximately \$0.2 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$0.9 million.

Net cash of approximately \$2.5 million was used in investing activities mainly from the purchase of property, plant and equipment of approximately \$3.2 million. This cash outflow was offset by proceeds from disposal of plant and equipment and interest received of approximately \$0.2 million and \$0.5 million.

Net cash of approximately \$9.5 million was used in financing activities. This was mainly due to dividend payment of approximately \$3.1 million, interest payment of approximately \$1.4 million, lease liability – principal portion paid of approximately \$0.2 million, decrease in other financial liabilities of approximately \$19.5 million, decrease in finance leases of approximately \$0.2 million and purchase of treasury shares of \$0.2 million. Cash used was offset by an increase in new borrowing of \$15.0 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no variance between the prospect statement previously announced and the actual results of 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 amounting to approximately \$92.0 million comprising \$49.1 million from Projects Services segment and \$42.9 million from Maintenance Services segment as at 31 December 2019. 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 FY2022. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group's businesses and performance will be affected with the extended closure of our China operations and also the lower productivity due to the extensive precautionary measures that we and our clients are taking in managing the Covid-19. If situation worsens, this will further impact our productivity and overall business performance in FY2020.

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, pharmaceutical, infrastructure and semiconductor sectors.

11. Dividend

(a) Current Financial Period Reported on 31 December 2019

- (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	Final
Dividend Type	Cash
Dividend Amount Per Share	0.419 cents 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	Final
Dividend Type	Cash
Dividend Amount Per Share	0.353 cents per ordinary share
Tax Rate	Tax exempt (One tier)

(c) Date payable

To be announced later. The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(d) Books closure date

To be announced at a later date.

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

Not applicable.

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.

The segments and types of products and services are as follows:

- (1) The Project Services segment includes capital projects which the Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services.
- (2) The Maintenance Services segment includes maintenance and repair services provided by the Group, including trading and supply of material, spare parts and components.
- (3) The Others segment relates to other revenue streams, including dividends from investment holding.

	Project Services	Maintenance Services	Others	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations FY2019					
Revenue by Segment					
Total revenue	44,089	43,414	-	(2,876)	84,627
Less: Inter segment sales	(2,499)	(377)	-	(2,876)	-
External revenue	41,590	43,037	-	-	84,627
Recurring EBITDA	3,098	5,733	898	3,604	13,333
Less: Inter segment expenses	1,700	1,904	-	(3,604)	-
Adjusted EBITDA	4,798	7,637	898	-	13,333
Finance costs	(349)	(872)	(316)	-	(1,537)
Depreciation	(1,166)	(1,630)	(244)	-	(3,040)
Amortisation of intangible asset	(2)	(53)	-	-	(55)
	3,281	5,082	338	-	8,701
Unallocated:					
Income tax expenses					(700)
Interest income					479
Profit from continuing operations, net of tax					8,480

	Project Services	Maintenance Services	Others	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations FY2018					
Revenue by Segment					
Total revenue	53,704	38,230	6,927	(7,167)	91,694
Less: Inter segment sales	(3,615)	(412)	(3,140)	7,167	-
External revenue	50,089	37,818	3,787	-	91,694
Recurring EBITDA	5,046	7,241	618	3,140	16,045
Less: Inter segment expenses	1,929	1,211	-	(3,140)	-
Adjusted EBITDA	6,975	8,452	618	-	16,045
Finance costs	(446)	(1,039)	-	-	(1,485)
Depreciation	(1,241)	(1,530)	-	-	(2,771)
	5,288	5,883	618	-	11,789
Unallocated:					
Income tax expenses					(831)
Interest income					367
Profit from continuing operations, net of tax					11,325

Assets and Reconciliations

	Project Services	Maintenance Services	Others	Group
	S\$'000	S\$'000	S\$'000	S\$'000
2019				
Reportable segment assets	4,443	3,981	-	8,424
Unallocated:				
Asset held-for -sale				8,076
Cash and cash equivalents				43,200
Inventories				12,045
Trade and other receivables, prepayments and deposits				25,532
Property, plant and equipment				30,724
Other non-current assets				33,836
Total Group assets				161,837
2018				
Reportable segment assets	7,665	4,007	-	11,672
Unallocated:				
Asset held for sale				8,076
Cash and cash equivalents				39,232
Inventories				10,095
Trade and other receivables, prepayments and deposits				22,967
Property, plant and equipment				30,266
Other non-current assets				29,552
Total Group assets				151,860

Liabilities and Reconciliations

	Project Services	Maintenance Services	Others	Group
	S\$'000	S\$'000	S\$'000	S\$'000
2019				
Reportable segment liabilities	729	58	-	787
Unallocated:				
Provision				2,276
Lease liabilities				3,516
Trade and other payables				19,611
Other financial liabilities				41,591
Financial liabilities held for sale				3,000
Income tax payable and deferred tax liabilities				5,158
Total Group liabilities				75,939
2018				
Reportable segment liabilities	-	151	-	151
Unallocated:				
Trade and other payables				17,482
Other financial liabilities				40,803
Financial liabilities held for sale				8,403
Income tax payable and deferred tax liabilities				4,029
Total Group liabilities				70,868

Geographical Information

	Revenue		Non-current Assets	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
China	16,277	22,204	4,071	4,163
Singapore	68,350	69,490	60,489	55,655
	84,627	91,694	64,560	59,818

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraphs 8 and 13.

15. A breakdown of sales as follows:

	FY2019 \$'000	FY2018 \$'000	Change %
Sales for first half year	40,544	48,783	(17)
Profit attributable to Owners of the Parent, Net of Tax for first half year	4,288	7,790	(45)
Sales for second half year	44,083	42,911	3
Profit attributable to Owners of the Parent, Net of Tax for second half year	4,192	3,535	19

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2019	FY2018
	\$'000	\$'000
Interim dividend paid of 0.429 (2018: 0.779) cents per share	1,681	3,067
Proposed final dividend of 0.419 (2018: 0.353) cents per share	1,643*	1,386
Total dividend of 0.848 (2018: 1.132) cents per share	3,324	4,463

* Based on 391,903,500 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2019.

17. 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).

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Bong Boon Hean	39	Cousin of Teo Ling Ling, Chief Executive Officer, Nordic Flow Control Pte Ltd	Bong Boon Hean was the senior manager, sales since 2019. He reports to the general manager, sales for sales and marketing of Nordic Flow Control Pte Ltd.	N.A.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
24 FEBRUARY 2020