



NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Q1 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 31 MARCH 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Q1 FY2015 \$'000	Q1 FY2014 \$'000	Change %
Revenue	16,613	14,421	15
Cost of Sales	(11,299)	(9,630)	17
Gross Profit	5,314	4,791	11
Interest Income	26	6	nm
Finance Costs	(146)	(131)	11
Marketing and Distribution Costs	(234)	(210)	11
Administrative Expenses	(3,650)	(3,495)	4
Other Gains	340	35	nm
Profit Before Tax from Continuing Operations	1,650	996	66
Income Tax Expense	(199)	(95)	nm
Profit from Continuing Operations, Net of Tax	1,451	901	61
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	-	(1,523)	nm
Exchange Differences on Translating Foreign Operations, Net of Tax	21	(14)	nm
Other Comprehensive Income, Net of Tax	21	(1,537)	nm
Total Comprehensive Income	1,472	(636)	nm
Profit Attributable to:			
Owners of the Parent, Net of Tax	1,451	901	61
Non-Controlling Interests, Net of Tax	-	-	nm
Profit Net of Tax	1,451	901	61
Total Comprehensive Income Attributable to:			
Owners of the Parent	1,472	(636)	nm
Non-Controlling Interests	-	-	nm
Total Comprehensive Income	1,472	(636)	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:

		Q1 FY2015	Q1 FY2014	Change
		\$'000	\$'000	%
1	Interest income	26	6	nm
2	Interest on borrowings	(146)	(131)	11
3	Depreciation and amortisation	(701)	(686)	2
4	Foreign exchange gain/(loss)	116	(164)	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	
	31/03/2015 S\$'000	31/12/2014 S\$'000	31/03/2015 S\$'000	31/12/2014 S\$'000
Assets				
Current Assets				
Inventories	6,831	7,315	-	-
Trade and Other Receivables	25,261	23,925	14,903	14,951
Other Assets	1,159	568	-	2
Cash and Cash Equivalents	27,168	32,799	12,936	13,057
Total Current Assets	60,419	64,607	27,839	28,010
Non-Current Assets				
Property, Plant and Equipment	13,004	13,421	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Intangible asset	95	190	-	-
Goodwill	12,292	12,292	-	-
Total Non-Current Assets	25,391	25,903	1,350	1,350
Total Assets	85,810	90,510	29,189	29,360
Liabilities and Equity				
Current Liabilities				
Income Tax Payable	1,165	1,220	-	7
Trade and Other Payables	9,699	10,479	2,823	3,025
Other Financial Liabilities	17,746	22,210	-	-
Total Current Liabilities	28,610	33,909	2,823	3,032
Non-Current Liabilities				
Other Financial Liabilities	2,257	3,110	-	-
Deferred Tax Liabilities	180	200	-	-
Total Non-Current Liabilities	2,437	3,310	-	-
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	31,604	30,153	3,927	3,889
Other Reserves	648	627	-	-
Equity, Attributable to Owners of the Parent	54,691	53,219	26,366	26,328
Non-Controlling Interests	72	72	-	-
Total Equity	54,763	53,291	26,366	26,328
Total Liabilities and Equity	85,810	90,510	29,189	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 31 March 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
434	17,312	437	21,773

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,707	550	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. Corporate guarantee from the Company.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1 FY2015 \$'000	Q1 FY2014 \$'000
Cash flows from operating activities:		
Profit before tax	1,650	996
Adjustments for:		
Depreciation expense	606	591
Amortization of intangible assets	95	95
Interest income	(26)	(6)
Interest expense	146	131
Unrealised foreign exchange (gain)/loss	(183)	96
Operating cash flows before changes in working capital	2,654	1,903
Trade and other receivables	(1,336)	3,280
Other assets	(591)	570
Inventories	484	304
Trade and other payables	(780)	(1,355)
Cash generated from operations	65	4,702
Income tax paid	(274)	(142)
Net cash (used in) / generated from operating activities	(209)	4,560
Cash flows from investing activities:		
Purchase of property, plant and equipment	(205)	(580)
Other financial assets ⁽¹⁾	-	(9,023)
Interest received	25	6
Net cash used in investing activities	(180)	(9,597)
Cash flows from financing activities:		
Other financial liabilities	(5,302)	3,848
Decrease in finance leases	(15)	(9)
Interest paid	(146)	(131)
Net cash (used in) / generated from financing activities	(5,463)	3,708
Net decrease in cash and cash equivalents	(5,851)	(1,329)
Effect of foreign exchange rate changes on the balance of Cash held in foreign currencies	220	(110)
Cash and cash equivalents at beginning of period	32,799	14,852
Cash and cash equivalents at end of period	27,168	13,413

(1) Being acquisition of 7.76% interest in PSL Holdings Limited.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company						Non-Controlling Interests \$'000	Total Equity S'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Fair Value Reserves S'000	Parent Sub-Total \$'000		
Group – Q1								
<u>Balance at 1 January 2015</u>	22,439	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the period	-	21	1,451	-	-	1,472	-	1,472
Balance at 31 March 2015	22,439	413	31,604	235	-	54,691	72	54,763
<u>Balance at 1 January 2014</u>	22,439	217	23,338	196	-	46,190	-	46,190
Total comprehensive income for the period	-	(14)	901	-	(1,523)	(636)	-	(636)
Balance at 31 March 2014	22,439	203	24,239	196	(1,523)	45,554	-	45,554

	Issued Capital \$'000	Retained Earnings \$'000	Fair Value Reserves \$'000	Total equity \$'000
Company - Q1				
<u>Balance at 1 January 2015</u>	22,439	3,889	-	26,328
Total comprehensive income for the period	-	38	-	38
Balance at 31 March 2015	22,439	3,927	-	26,366
<u>Balance at 1 January 2014</u>	22,439	2,406	-	24,845
Total comprehensive income for the period	-	53	(1,523)	(1,470)
Balance at 31 March 2014	22,439	2,459	(1,523)	23,375

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

	Q1 FY2015	Q1 FY2014
The Group		
Net profit after tax attributable to equity holders of the Company (\$'000)	1,451	901
Number of ordinary shares ('000)	400,000	400,000
Earnings per share - basic/fully diluted (cents)	0.4	0.2

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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Net asset value (\$'000)	54,763	53,219	26,366	26,328
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	13.7	13.3	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 31 March 2015 ("1Q2015")

Revenue

Our revenue increased by approximately \$2.2 million or 15.2%, from approximately \$14.4 million in 1Q2014 to approximately \$16.6 million in 1Q2015. The increase was due to higher revenue from System Integration, MRO & Trading and Precision Engineering business segments, partially offset by lower revenue from the Scaffolding Services business segment.

Business Segment	1Q2015	1Q2014	Change	Change (%)
System Integration	\$7.5m	\$5.0m	\$2.5m	48.0
MRO & Trading	\$1.6m	\$0.6m	\$1.0m	187.4
Precision Engineering	\$2.8m	\$2.5m	\$0.3m	13.6
Scaffolding Services	\$4.7m	\$6.3m	(\$1.6m)	(25.4)
Total	\$16.6m	\$14.4m	\$2.2m	15.2

Gross profit and gross profit margin

Gross profit for 1Q2015 increased approximately \$0.5 million or 10.9% from \$4.8 million in 1Q2014 to \$5.3 million in 1Q2015 while gross profit margin decreased from 33.2% in 1Q2014 to 32.0% in 1Q2015.

Gross profit for 1Q2015 is higher than 1Q2014 mainly due to higher gross profits contributed by the System Integration, MRO & Trading business segments, partially offset by lower gross profit contribution from the Scaffolding Services business segments.

Interest expense

Interest expense increased approximately \$15,000 or 11.5%, from approximately \$131,000 in 1Q2014 to approximately \$146,000 in 1Q2015. This is mainly due to higher interest rate for the period under review.

Administrative expenses

Administrative expenses increased approximately \$0.2 million or 4.4% from \$3.5 million in 1Q2014 to \$3.7 million in 1Q2015. These were due to higher administrative expenses.

Other gains

Other gains of approximately \$340,000 were recorded in 1Q2015, arising from government grants received of approximately \$174,000 and foreign exchange gains of approximately \$116,000.

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

Non-current assets

Non-current assets remained relatively consistent at approximately \$25.4 million as at 31 March 2015 compared to \$25.9 million as at 31 December 2014.

Current assets

Current assets decreased approximately \$4.2 million or 6.5%, from approximately \$64.6 million as at 31 December 2014 to approximately \$60.4 million as at 31 March 2015. The decrease was mainly due to drop in cash and cash equivalents of approximately \$5.6 million and partially offset by increased in trade and other receivables of approximately \$1.3 million.

Current liabilities

Current liabilities decreased approximately \$5.3 million or 15.6%, from approximately \$33.9 million as at 31 December 2014 to approximately \$28.6 million as at 31 March 2015 mainly due to (i) decrease in trade and other payables of approximately \$0.8 million and (ii) repayment of short term bank borrowings of approximately \$4.5 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$0.9 million or 26.4%, from approximately \$3.3 million as at 31 December 2014 to approximately \$2.4 million as at 31 March 2015 due to repayment on term loans.

Equity

Our capital and reserves increased by approximately \$1.5 million or 2.8% from \$53.3 million as at 31 December 2014 to \$54.8 million as at 31 March 2015 mainly due to the net profit from the quarter under review.

Statement of Cash Flows Review

1Q2015

We continued to maintain a healthy cash position with approximately \$27.2 million in cash and bank balances as at the end of 1Q2015.

In 1Q2015, net cash used in operating activities amounted to approximately \$209,000 compared approximately \$4.6 million generated in the corresponding period in FY2014. We generated net cash of approximately \$2.2 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$2.2 million. This was mainly due to (i) cash flow decrease in trade and other receivables of approximately \$1.3 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$274,000.

Net cash of approximately \$180,000 was used in investing activities mainly for purchase of plant and equipment.

Net cash of approximately \$5.5 million was used in financing activities. This was mainly due to repayment of bank borrowings and finance cost.

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 prospect statement had 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 \$40.8 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 maintain a steady order book whilst continuing its sales and marketing efforts for the expanded services and product offerings launched in FY2014. As the marine and offshore oil and gas industries continue to present uncertainties, our System Integration and MRO Trading business segments needs to actively develop new markets and establish track record for new service and product offerings in order to introduce new revenue streams for the segments.

In line with the Company's mid-term strategic growth plans, our Precision Engineering business segment is continuing its efforts to identify strategic partnerships with businesses offering complementary service and product offerings to this segment.

Our Scaffolding Services business segment has secured several projects for the Chevron and ExxonMobil plants which are scheduled to run till Q1 FY17. These projects, together with recurring maintenance revenue, will continue to generate stable income for the Group in the next 12 months. Subject to shareholders approval to be sought at the Extraordinary General Meeting to be held on 27 May 2015, the Group expects to complete the acquisition for Austin Energy (Asia) Pte Ltd in June 2015. This synergistic partnership of our Scaffolding Services business segment with the new Insulation Services business segment will give the Group leverage to maintain our position as market leaders in their respective fields, as well as break through into new customer accounts through this value adding proposition.

The Group remains positive over the long term prospects in the marine, offshore oil & gas industries and petrochemical sectors.

11. Dividend

(a) Current Financial Period Reported on 31 March 2015

- (i) Any dividend declared for the current financial period reported on? No.
- (ii) Any dividend recommended for the current financial period reported on? No.

Name Of Dividend	NA
Dividend Type	NA
Dividend Amount Per Share	NA
Tax Rate	NA

(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

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2015.

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 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
14 MAY 2015