



NORDIC
Group Limited

NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

3Q2016 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 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3Q2016 \$'000	3Q2015 \$'000	Change %	Nine months ended 30/09/2016 \$'000	Nine months ended 30/09/2015 \$'000	Change %
Revenue	21,390	21,715	(1)	63,012	59,384	6
Cost of Sales	(14,664)	(15,546)	(6)	(43,132)	(43,647)	(1)
Gross Profit	6,726	6,169	9	19,880	15,737	26
Interest Income	26	26	-	85	79	8
Finance Costs	(217)	(330)	(34)	(767)	(659)	16
Marketing and Distribution Costs	(93)	(222)	(58)	(385)	(725)	(47)
Administrative Expenses	(2,775)	(3,063)	(9)	(8,131)	(8,044)	1
Other Gains / (Losses)	494	1,011	(51)	(104)	1,590	(107)
Profit Before Tax from Continuing Operations	4,161	3,591	16	10,578	7,978	33
Income Tax Expense	(666)	(415)	60	(1,711)	(791)	116
Profit from Continuing Operations, Net of Tax	3,495	3,176	10	8,867	7,187	23
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	56	-	nm	(252)	15	nm
Other Comprehensive Income, Net of Tax	56	-	nm	(252)	15	nm
Total Comprehensive Income	3,551	3,176	12	8,615	7,202	20
Profit Attributable to:						
Owners of the Parent, Net of Tax	3,560	3,176	12	8,932	7,187	24
Non-Controlling Interests, Net of Tax	(65)	-	nm	(65)	-	nm
Profit Net of Tax	3,495	3,176	10	8,867	7,187	23
Total Comprehensive Income Attributable to:						
Owners of the Parent	3,616	3,176	14	8,680	7,202	21
Non-Controlling Interests	(65)	-	nm	(65)	-	nm
Total Comprehensive Income	3,551	3,176	12	8,615	7,202	20

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:

		3Q2016 \$'000	3Q2015 \$'000	Change %	Nine months ended 30/09/2016 \$'000	Nine months ended 30/09/2015 \$'000	Change %
1	Interest income	26	26	-	85	79	8
2	Interest on borrowings	(217)	(330)	(34)	(767)	(659)	16
3	Depreciation and amortisation	(601)	(919)	(35)	(2,137)	(2,470)	(14)
4	Gain on disposal of plant and equipment	1	485	(100)	74	484	(85)
5	(Allowance for)/Reversal of impairment on trade receivables	-	(4)	(100)	(7)	4	(275)
6	Foreign exchange gain/(loss)	328	554	(41)	(767)	913	(184)
7	Trade payables written back	64	-	nm	64	-	nm
8	Inventories written off	-	(112)	(100)	-	(112)	(100)
9	Government grant income	58	43	35	365	219	67

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 September 2016 S\$'000	31 December 2015 S\$'000	30 September 2016 S\$'000	31 December 2015 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	17,404	18,544	-	-
Investments in Subsidiary	-	-	1,350	1,350
Goodwill	22,451	22,451	-	-
Total Non-Current Assets	39,855	40,995	1,350	1,350
Current Assets				
Inventories	8,888	8,988	-	-
Trade and Other Receivables	25,690	25,889	18,033	14,910
Other Assets	1,363	1,012	4	-
Cash and Cash Equivalents	34,549	35,566	6,585	11,230
Total Current Assets	70,490	71,455	24,622	26,140
Total Assets	110,345	112,450	25,972	27,490
Liabilities and Equity				
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Retained Earnings	41,321	37,065	2,748	4,688
Treasury Shares	(1,211)	(856)	(1,211)	(856)
Other Reserves	415	667	-	-
Equity, Attributable to Owners of the Parent	62,964	59,315	23,976	26,271
Non-Controlling Interests	-	65	-	-
Total Equity	62,964	59,380	23,976	26,271
Non-Current Liabilities				
Other Financial Liabilities	7,865	11,171	-	-
Deferred Tax Liabilities	958	958	-	-
Total Non-Current Liabilities	8,823	12,129	-	-
Current Liabilities				
Income Tax Payable	1,894	1,501	9	6
Trade and Other Payables	11,142	17,321	1,987	1,213
Other Liabilities	-	1,135	-	-
Other Financial Liabilities	25,522	20,984	-	-
Total Current Liabilities	38,558	40,941	1,996	1,219
Total Liabilities	47,381	53,070	1,996	1,219
Total Liabilities and Equity	110,345	112,450	25,972	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 September 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
6,235	19,287	4,128	16,856

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,615	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

	3Q2016 \$'000	3Q2015 \$'000	Nine months ended 30/09/2016 \$'000	Nine months ended 30/09/2015 \$'000
Cash flows from operating activities:				
Profit before tax	4,161	3,591	10,578	7,978
Adjustments for:				
Depreciation expense	601	878	2,137	2,226
Amortisation of intangible assets	-	41	-	244
Gain on disposal of plant and equipment	(1)	(485)	(74)	(484)
Interest income	(26)	(26)	(85)	(79)
Interest expense	217	330	767	659
Unrealised foreign exchange loss/(gain)	(262)	188	332	177
Operating cash flows before changes in working capital	4,690	4,517	13,655	10,721
Trade and other receivables	(746)	4,083	199	435
Other assets	121	617	(351)	13
Inventories	1,081	(1,094)	100	(927)
Other liabilities	(65)	-	(1,135)	-
Trade and other payables	(830)	422	(6,179)	(1,384)
Cash generated from operations	4,250	8,545	6,289	8,858
Income tax paid	(533)	(1,014)	(1,318)	(1,999)
Net cash generated from operating activities	3,718	7,531	4,971	6,859
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(7,460)
Purchase of plant and equipment	(196)	(499)	(1,038)	(2,495)
Proceeds from disposal of plant and equipment	(1)	2,084	169	2,090
Interest received	26	26	85	79
Net cash (used in) / generated from investing activities	(171)	1,611	(784)	(7,786)
Cash flows from financing activities:				
Other financial liabilities	262	(4,545)	1,166	(10,158)
Increase from new borrowings	-	-	-	15,239
Decrease in finance leases	(29)	(27)	(96)	(60)
Dividends paid	(2,115)	(1,600)	(4,676)	(3,600)
Purchase of treasury shares	(61)	(185)	(355)	(185)
Interest paid	(217)	(330)	(767)	(659)
Net cash used in financing activities	(2,160)	(6,687)	(4,728)	577
Net increase / (decrease) in cash and cash equivalents	1,387	2,455	(541)	(350)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	170	(197)	(476)	(166)
Cash and cash equivalents at beginning of period	32,992	30,025	35,566	32,799
Cash and cash equivalents at end of period	34,549	32,283	34,549	32,283

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	Treasury Shares S'000	Parent Sub-Total \$'000		
Group – Q3								
Balance at 1 July 2016	22,439	124	39,876	235	(1,150)	61,524	65	61,589
Total comprehensive income for the period	-	56	3,560	-	-	3,616	(65)	3,551
Purchase of treasury shares	-	-	-	-	(61)	(61)	-	(61)
Dividends paid	-	-	(2,115)	-	-	(2,115)	-	(2,115)
Balance at 30 September 2016	22,439	180	41,321	235	(1,211)	62,964	-	62,964
Balance at 1 July 2015	22,439	407	32,164	235	-	55,245	72	55,317
Total comprehensive income for the period	-	-	3,176	-	-	3,176	-	3,176
Purchase of treasury shares	-	-	-	-	(185)	(185)	-	(185)
Dividends paid	-	-	(1,600)	-	-	(1,600)	-	(1,600)
Balance at 30 September 2015	22,439	407	33,740	235	(185)	56,636	72	56,708
Group - 9 months								
Balance at 1 January 2016	22,439	432	37,065	235	(856)	59,315	65	59,380
Total comprehensive income for the period	-	(252)	8,932	-	-	8,680	(65)	8,615
Purchase of treasury shares	-	-	-	-	(355)	(355)	-	(355)
Dividends paid	-	-	(4,676)	-	-	(4,676)	-	(4,676)
Balance at 30 September 2016	22,439	180	41,321	235	(1,211)	62,964	-	62,964
Balance at 1 January 2015	22,439	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the period	-	15	7,187	-	-	7,202	-	7,202
Purchase of treasury shares	-	-	-	-	(185)	(185)	-	(185)
Dividends paid	-	-	(3,600)	-	-	(3,600)	-	(3,600)
Balance at 30 September 2015	22,439	407	33,740	235	(185)	56,636	72	56,708

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
Company – Q3				
<u>Balance at 1 July 2016</u>	22,439	4,807	(1,150)	26,096
Total comprehensive income for the period	-	56	-	56
Purchase of treasury shares	-	-	(61)	(61)
Dividends paid	-	(2,115)	-	(2,115)
Balance at 30 September 2016	22,439	2,748	(1,211)	23,976
<u>Balance at 1 July 2015</u>	22,439	2,206	-	24,645
Total comprehensive income for the period	-	(174)	-	(174)
Purchase of treasury shares	-	-	(185)	(185)
Dividends paid	-	(1,600)	-	(1,600)
Balance at 30 September 2015	22,439	432	(185)	22,686
Company - 9 months				
<u>Balance at 1 January 2016</u>	22,439	4,688	(856)	26,271
Total comprehensive income for the period	-	2,736	-	2,736
Purchase of treasury shares	-	-	(355)	(355)
Dividends paid	-	(4,676)	-	(4,676)
Balance at 30 September 2016	22,439	2,748	(1,211)	23,976
<u>Balance at 1 January 2015</u>	22,439	3,889	-	26,328
Total comprehensive income for the period	-	143	-	143
Purchase of treasury shares	-	-	(185)	(185)
Dividends paid	-	(3,600)	-	(3,600)
Balance at 30 September 2015	22,439	432	(185)	22,686

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

	30 September 2016		30 June 2016	
Issued and paid up capital	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	395,330,800	21,583	395,330,800	21,583
Less: Treasury shares	(1,855,100)	(355)	(1,598,600)	(294)
Total issued share capital excluding treasury shares as at end of period	393,475,700	21,228	393,732,200	21,289

	30 September 2016		30 June 2016	
Treasury shares	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	4,669,200	856	4,669,200	856
Share buy-back	1,855,100	355	1,598,600	294
Treasury shares balance as at end of period	6,524,300	1,211	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 393,475,700 ordinary shares (31 December 2015: 395,330,800 ordinary shares).

As at 30 September 2016, the Company holds 6,524,300 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 6,524,300 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 September 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 except as disclosed in paragraph 5 below.

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 Group reviewed the useful lives and residual values of its property, plant and equipment in accordance with FRS 16 paragraph 51. As a result the Group changed certain assets' useful lives from "5 to 10 years" to "15 years" to better reflect the useful lives of the assets. The change is a prospective change and is effective from 1 July 2016. The depreciation charge for 3Q2016 and 9 months ended 30 September 2016 decreased by \$228,514 and the profit before tax increased 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

	3Q2016	3Q2015	Nine months ended 30/09/2016	Nine months ended 30/09/2015
The Group				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,495	3,176	8,867	7,187
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	393,633	399,920	394,195	399,973
Earnings per share - basic/fully diluted (cents)	0.9	0.8	2.2	1.8

The Company had no dilutive equity instruments during the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Net asset value (\$'000)	62,964	59,315	23,976	26,271
Number of ordinary shares (excluding Treasury Shares) ('000)	393,476	395,331	393,476	395,331
Net asset value per share (cents)	16.0	15.0	6.1	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 September 2016 ("3Q2016")

Revenue

Our revenue decreased by approximately \$300,000 or 1%, from approximately \$21.7 million in 3Q2015 to approximately \$21.4 million in 3Q2016. The decrease was mainly due to decrease in revenue from the Project Services segment.

Business Segment	3Q2016	3Q2015	Change	Change
	\$'000	\$'000	\$'000	%
Project Services	15,687	17,901	(2,214)	-12%
Maintenance Services	5,703	3,814	1,889	50%
Total	21,390	21,715	(325)	-1%

Gross profit and gross profit margin

Gross profit for 3Q2016 increased approximately \$557,000 or 9% from \$6.2 million in 3Q2015 to \$6.7 million in 3Q2016. Similarly, gross profit margin increased from 28% in 3Q2015 to 31% in 3Q2016.

The increase in gross profit margin was due to higher margins from the Maintenance Services segment.

Finance costs

Finance costs decreased approximately \$113,000 or 34%, from approximately \$0.3 million in 3Q2015 to approximately \$0.2 million in 3Q2016 mainly due to lower interest expenses.

Marketing and distribution expenses

Marketing and distribution expenses decreased approximately \$129,000 or 58% from \$0.2 million in 3Q2015 to \$0.1 million in 3Q2016, mainly due to lower sales and marketing costs incurred.

Administrative expenses

Administrative expenses decreased approximately \$288,000 or 9% from \$3.1 million in 3Q2015 to \$2.7 million in 3Q2016, mainly due to lower staff costs.

Other gains and losses

Other gains of approximately \$0.5 million were recorded in 3Q2016, arising mainly from foreign exchange gains of approximately \$0.3 million, due to the strengthening of the United States Dollar against the Singapore Dollar during the period under review and other income of approximately \$0.1 million.

For 3Q2015, other gains of approximately \$1.0 million were recorded arising mainly from disposal of a subsidiary's leasehold property and foreign exchange gains.

Review of performance for nine months ended 30 September 2016 ("9M2016")

Revenue

Our revenue increased by approximately \$3.6 million or 6%, from approximately \$59.4 million in 9M2015 to approximately \$63.0 million in 9M2016. The increase was mainly due to revenue contribution from AE Group which was acquired on 2 June 2015.

Business Segment	9M2016	9M2015	Change	Change (%)
	\$'000	\$'000	\$'000	%
Project Services	47,160	45,132	2,028	4%
Maintenance Services	15,852	14,252	1,600	11%
Total	63,012	59,384	3,628	6%

Gross profit and gross profit margin

Gross profit for 9M2016 increased approximately \$4.2 million or 26% from \$15.7 million in 9M2015 to \$19.9 million in 9M2016 while gross profit margin increased from 26% in 9M2015 to 31% in 9M2016.

Gross profit for 9M2016 is higher than 9M2015 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

Finance costs increased approximately \$108,000 or 16%, from approximately \$0.7 million in 9M2015 to approximately \$0.8 million in 9M2016 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 \$340,000 or 47%, from approximately \$0.7 million in 9M2015 to approximately \$0.4 million in 9M2016, mainly due to lower sales and marketing costs incurred.

Administrative expenses

Administrative expenses remained relatively constant at \$8.1 million.

Other gains and losses

Other losses of approximately \$0.1 million were recorded in 9M2016, arising mainly from foreign exchange losses of approximately \$0.8 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 \$0.4 million, gain on disposal of plant and equipment of approximately \$0.1 million and other income of approximately \$0.2 million.

For 9M2015, other gains of approximately \$1.6 million was recorded, comprising mainly of foreign exchange gains of approximately \$0.9 million, gain on disposal of plant and equipment of approximately \$0.5 million and government grants received of approximately \$0.2 million.

Statement of Financial Position Review (as at 30 September 2016 compared to 31 December 2015)

Non-current assets

Non-current assets decreased approximately \$1.1 million or 3% from approximately \$41.0 million as at 31 December 2015 to approximately \$39.9 million as at 30 September 2016.

The decrease was mainly due to depreciation of property, plant and equipment of approximately \$2.1 million partially offset with acquisition of plant and equipment of approximately \$1.0 million.

Current assets

Current assets decreased approximately \$1.0 million or 1%, from approximately \$71.5 million as at 31 December 2015 to approximately \$70.5 million as at 30 September 2016.

The decrease was due to decrease in cash and cash equivalents of approximately \$1.0 million, decrease in inventories of \$0.1 million and decrease in trade and other receivables of \$0.2 million offset with increase in other assets of \$0.3 million.

Current liabilities

Current liabilities decreased approximately \$2.4 million or 6%, from approximately \$40.9 million as at 31 December 2015 compared to \$38.5 million as at 30 September 2016.

The decrease was due to decrease in trade and other payables of approximately \$6.3 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 \$4.5 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$3.3 million or 27%, from approximately \$12.1 million as at 31 December 2015 to approximately \$8.8 million as at 30 September 2016.

The decrease was due to decrease in other financial liabilities of \$3.3 million.

Equity

Our capital and reserves increased by approximately \$3.6 million or 6% from \$59.4 million as at 31 December 2015 to \$62.9 million as at 30 September 2016. The increase is mainly due to the retention of net profit for 9M2016, partially offset by distribution of dividends in 2016.

Statement of Cash Flows Review

3Q2016

We continued to maintain a healthy cash position with approximately \$34.5 million in cash and bank balances as at the end of 3Q2016.

In 3Q2016, net cash generated from operating activities amounted to approximately \$3.7 million compared with approximately \$7.5 million generated in 3Q2015. We generated net cash of approximately \$4.7 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$0.5 million. This was mainly due to cash outflow from increase in trade and other receivables of approximately \$0.7 million and cash outflow from decrease in trade and other payables of approximately \$0.8 million. These cash outflows were offset by cash inflows from decrease in inventories of approximately \$1.1 million and cash inflows from decrease in other assets of approximately \$0.1 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.5 million.

Net cash of approximately \$0.2 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$2.1 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.1 million, interest payment of approximately \$0.2 million and purchase of treasury shares of approximately \$0.1 million. This cash outflow was offset by an increase in cash from bank borrowings of approximately \$0.3 million.

9M2016

In 9M2016, net cash generated from operating activities amounted to approximately \$5.0 million compared to approximately \$6.9 million used in 9M2015. We generated net cash of approximately \$13.7 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$7.4 million. This was mainly due to (i) cash outflow from decrease in other liabilities of approximately \$1.1 million; (ii) cash outflow from increase in other assets of approximately \$0.4 million and (iii) cash outflow from decrease in trade and other payables of approximately \$6.2 million. These cash outflows were offset by cash inflow from the decrease in trade and other receivables of \$0.2 million and decrease in inventories of \$0.1 million. Our operating cash flow from operations was reduced by income tax payments of approximately \$1.3 million.

Net cash of approximately \$0.8 million was used in investing activities mainly for the purchase of plant and equipment.

Net cash of approximately \$4.7 million was used in financing activities. This was mainly due to dividend payment of approximately \$4.7 million, interest payment of approximately \$0.8 million and purchase of treasury shares of approximately \$0.4 million. The cash outflow was offset by an increase in cash from bank borrowings of approximately \$1.2 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 \$26.0 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.

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 September 2016

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

(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

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 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
11 NOVEMBER 2016