NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Full Year Financial Statements and Related Announcement for the Year Ended 31 December 2020

PART I – INFORMATION REQUIRED FOR 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 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2H2020 $'000	2H2019 $'000	Change %	12M2020 $'000	12M2019 $'000	Change %
Revenue	47,779	44,083	8	80,794	84,627	(5)
Cost of sales	(37,043)	(33,644)	10	(62,831)	(63,353)	(1)
Gross profit	**10,736**	**10,439**	3	**17,963**	**21,274**	(16)
Other income and gains	3,078	2,397	28	3,796	2,922	30
Distribution costs	(250)	(406)	(38)	(721)	(735)	(2)
Administrative expenses	(7,776)	(6,418)	21	(13,703)	(12,040)	14
Finance costs	(363)	(791)	(54)	(1,021)	(1,537)	(34)
Other losses	(1,595)	(752)	112	(416)	(704)	(41)
Profit before tax from continuing operations	**3,830**	**4,469**	(14)	**5,898**	**9,180**	(36)
Income tax expense	(218)	(277)	(21)	(416)	(700)	(41)
Profit for the year	**3,612**	**4,192**	(14)	**5,482**	**8,480**	(35)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	304	(281)	209	458	(338)	236
Total comprehensive income for the year	**3,916**	**3,911**	(1)	**5,940**	**8,142**	(27)
Profit attributable to owners of the parent	3,612	4,192	(14)	5,482	8,480	(35)
Total comprehensive income attributable to owners of the parent	3,916	3,911	(1)	5,940	8,142	(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):

	2H2020 $'000	2H2019 $'000	Change %	12M2020 $'000	12M2019 $'000	Change %
Interest on borrowings	(363)	(791)	(54)	(1,021)	(1,537)	(34)
Depreciation	(3,181)	(1,588)	100	(4,825)	(3,040)	59
Amortisation	(139)	(55)	153	(305)	(55)	455
Depreciation for right of use asset	(97)	(167)	(42)	(189)	(167)	(13)

Other income and gains:

	2H2020 $'000	2H2019 $'000	Change %	12M2020 $'000	12M2019 $'000	Change %
Interest income	41	270	(85)	222	479	(54)
Foreign exchange gain	-	-	-	311	-	nm
Gain on disposal of plant and equipment	-	1	(100)	-	117	(100)
Government grants	633	188	237	633	188	237
Other income	314	238	32	390	438	(11)
Other payables written back - Ensure vendors	2,090	1,700	23	2,240	1,700	32
Total other income and gains	3,078	2,397	28	3,796	2,922	30

Other losses:

	2H2020 $'000	2H2019 $'000	Change %	12M2020 $'000	12M2019 $'000	Change %
Foreign exchange loss	(1,214)	(678)	79	-	(630)	(100)
Impairment of trade receivables	-	(15)	(100)	(35)	(15)	133
Impairment of inventories	(79)	(59)	34	(79)	(59)	34
Impairment of other receivables	(83)	-	nm	(83)	-	nm
Loss on disposal of plant and equipment	(219)	-	nm	(219)	-	nm
Total other losses	(1,595)	(752)	112	(416)	(704)	(41)

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	
	31/12/2020 $'000	31/12/2019 $'000	31/12/2020 $'000	31/12/2019 $'000
Assets				
Non-current assets				
Property, plant and equipment	34,785	30,724	6,159	6,403
Right-of-use asset	3,297	3,470	1,673	1,730
Investment in subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
Intangible asset	360	665	-	-
Deferred tax asset	-	149	-	-
Total non-current assets	67,994	64,560	9,182	9,483
Current assets				
Asset held-for-sale	-	8,076	-	-
Inventories	11,195	12,045	-	-
Trade and other receivables	21,364	23,611	16,054	20,324
Other assets	9,984	10,345	2,385	665
Cash and cash equivalents	57,512	43,200	31,795	23,819
Total current assets	100,055	97,277	50,234	44,808
Total assets	168,049	161,837	59,416	54,291
Equity and liabilities				
Equity attributable to the owners of the parent				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(2,374)	(1,736)	(2,374)	(1,736)
Retained earnings	68,326	65,208	20,220	21,679
Other reserves	445	(13)	-	-
Total equity	88,836	85,898	40,285	42,382
Non-current liabilities				
Provision	123	565	-	-
Deferred tax liabilities	2,859	3,169	37	12
Loans and borrowings	5,836	3,575	1,261	-
Lease liabilities	3,369	3,642	1,679	1,716
Other payables	-	1,944	-	-
Total non-current liabilities	12,187	12,895	2,977	1,728
Current liabilities				
Liabilities held for sale under FRS 105	-	3,000	-	-
Provision	1,831	1,711	-	-
Income tax payable	948	1,989	125	239
Trade and other payables	22,987	17,667	1,492	1,105
Loans and borrowings	40,037	37,494	14,500	8,800
Lease liabilities	319	396	37	37
Other liabilities	904	787	-	-
Total current liabilities	67,026	63,044	16,154	10,181
Total liabilities	79,213	75,939	19,131	11,909
Total equity and liabilities	168,049	161,837	59,416	54,291

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 2020		As at 31 December 2019	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
25,500	14,537	18,800	21,694

Amount repayable after one year

As at 31 December 2020		As at 31 December 2019	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
5,836	-	3,575	-

Details of any collateral

The borrowings are secured as follows:

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

	2H2020 $'000	2H2019 $'000	12M2020 $'000	12M2019 $'000
Cash flows from operating activities:				
Profit before tax	3,830	4,469	5,898	9,180
Adjustments for:				
Amortisation expense	139	55	305	55
Depreciation expense	3,181	1,588	4,825	3,040
Depreciation on right of use assets	97	167	189	167
Loss/(gains) on disposal of plant and equipment	219	(1)	219	(117)
Interest income	(41)	(270)	(222)	(479)
Interest expense	363	791	1,021	1,537
Unrealised foreign exchange gain	1,769	30	729	58
Operating cash flows before changes in working capital	9,557	6,829	12,964	13,441
Inventories	1,075	(166)	850	(220)
Trade and other receivables	(2,693)	978	2,248	7,076
Other assets	(2,992)	5,926	361	5,026
Provisions	(233)	1,408	(322)	1,408
Trade and other payables	7,241	(7,239)	3,375	(9,790)
Other liabilities	(188)	278	117	137
Cash generated from operations	11,767	8,014	19,593	17,078
Income tax paid	(1,014)	(235)	(1,619)	(870)
Net cash generated from operating activities	10,753	7,779	17,974	16,208
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired)	-	83	-	83
Purchase of property, plant and equipment	(415)	(2,178)	(876)	(3,183)
Proceeds from disposal of plant and equipment	9	170	31	170
Interest received	41	270	222	479
Net cash used in investing activities	(365)	(1,655)	(623)	(2,451)
Cash flows from financing activities:				
Loan and borrowings paid	(11,054)	(13,569)	(11,197)	(19,739)
Increase from new borrowings	4,000	15,000	13,000	15,000
Dividends paid	(729)	(1,681)	(2,364)	(3,067)
Purchase of treasury shares	(259)	-	(638)	(169)
Lease liabilities-principal and interest portion paid	(218)	(269)	(345)	(66)
Interest paid	(257)	(686)	(915)	(1,429)
Net cash used in financing activities	(8,517)	(1,205)	(2,459)	(9,470)
Net increase in cash	1,871	4,919	14,892	4,287
Effect of foreign exchange rate adjustments	(1,645)	(148)	(580)	(319)
Cash balance at beginning of period	57,286	38,429	43,200	39,232
Cash at end of period	57,512	43,200	57,512	43,200

	Pre-acquisition book value under FRS	Provisional fair value
	$'000	$'000
2019: Envipure Group		
Intangible asset		720
Plant and equipment	443	443
Inventories	1,769	1,769
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	(1,149)	(1,149)
Net identifiable assets	14,080	14,800
Cash paid		14,800
Cash of subsidiaries acquired		14,883
Net cash flow from acquisition of subsidiaries		83

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.

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	
	$'000	$'000	$'000	$'000	$'000	$'000
Group - 2H						
Balance at 1 July 2020	22,439	(94)	65,443	235	(2,115)	85,908
Total comprehensive income for the period	-	304	3,612	-	-	3,916
Dividends paid	-	-	(729)	-	-	(729)
Purchase of treasury shares	-	-	-	-	(259)	(259)
Balance at 31 December 2020	22,439	210	68,326	235	(2,374)	88,836
Balance at 1 July 2019	22,439	33	62,697	235	(1,736)	83,668
Total comprehensive income for the period	-	(281)	4,192	-	-	3,911
Dividends paid	-	-	(1,681)	-	-	(1,681)
Balance at 31 December 2019	22,439	(248)	65,208	235	(1,736)	85,898
Group - 12 months						
Balance at 1 January 2020	22,439	(248)	65,208	235	(1,736)	85,898
Total comprehensive income for the period	-	458	5,482	-	-	5,940
Dividends paid	-	-	(2,364)	-	-	(2,364)
Purchase of treasury shares	-	-	-	-	(638)	(638)
Balance at 31 December 2020	22,439	210	68,326	235	(2,374)	88,836
Balance at 1 January 2019	22,439	90	59,795	235	(1,567)	80,992
Total comprehensive income for the period	-	(338)	8,480	-	-	8,142
Dividends 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

	Issued capital	Retained earnings	Treasury shares	Total equity
	$'000	$'000	$'000	$'000
Company - 2H				
Balance at 1 July 2020	22,439	21,475	(2,115)	41,799
Total comprehensive loss for the period	-	(526)	-	(526)
Dividend paid	-	(729)	-	(729)
Purchase of treasury shares	-	-	(259)	(259)
Balance at 31 December 2020	22,439	20,220	(2,374)	40,285
Balance at 1 July 2019	22,439	9,681	(1,736)	30,384
Total comprehensive income for the period	-	13,679	-	13,679
Dividend paid	-	(1,681)	-	(1,681)
Balance at 31 December 2019	22,439	21,679	(1,736)	42,382
Company- 12 months				
Balance at 1 January 2020	22,439	21,679	(1,736)	42,382
Total comprehensive income for the period	-	905	-	905
Dividend paid	-	(2,364)	-	(2,364)
Purchase of treasury shares	-	-	(638)	(638)
Balance at 31 December 2020	22,439	20,220	(2,374)	40,285
Balance at 1 January 2019	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

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

	31 December 2020		30 June 2020	
Issued and paid up capital	**No. of shares**	**$'000**	**No. of shares**	**$'000**
As at beginning of period	390,191,000	20,324	391,903,500	20,703
Less: Treasury shares bought during the period	(1,291,000)	(259)	(1,712,500)	(379)
Total issued share capital excluding treasury shares as at end of period	388,900,000	20,065	390,191,000	20,324

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 388,900,000 ordinary shares (31 December 2019: 391,903,500 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

Except for the purchase of 1,291,000 treasury shares during the year under review, there was no other 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 2019.

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 has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of Financial Reporting Standards ("SFRS(I) INT") that are mandatory for the accounting periods beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

The Group has adopted half yearly reporting instead of quarterly reporting as announced on 24 February 2020. Accordingly, the comparatives for 2H2019 was included.

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

	2H2020	2H2019	12M2020	12M2019
The Group				
Net profit after tax attributable to equity holders of the Company ($'000)	3,612	4,192	5,482	8,480
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	389,677	391,904	390,301	392,145
Earnings per share - basic/fully diluted (cents)	0.9	1.1	1.4	2.2

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value ($'000)	88,836	85,898	40,285	42,382
Number of ordinary shares(excluding Treasury Shares) ('000)	388,900	391,904	388,900	391,904
Net asset value per share (cents)	22.8	21.9	10.4	10.8

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 half-year ended 31 December 2020 ("2H2020")

Revenue
The Group's revenue increased by approximately $3.7 million or 8%, from approximately $44.1 million in 2H2019 to approximately $47.8 million in 2H2020. This increase was due to higher revenue from Project and Maintenance services of approximately $2.1 million or 9% and $1.6 million or 7% respectively. The increase was from additional revenue from Envipure Group which was acquired in November 2019. This increase was offset by a reduction in revenue due to Covid-19 pandemic.

Business segment	2H2020 $'000	2H2019 $'000	Change $'000	Change %
Project services	24,193	22,100	2,093	9
Maintenance services	23,586	21,983	1,603	7
Total	**47,779**	**44,083**	**3,696**	8

Gross profit and gross profit margin
Gross profit for 2H2020 increased by approximately $0.3 million or 3% from $10.4 million in 2H2019 to approximately $10.7 million in 2H2020. Gross profit margin decreased slightly from 23.7% in 2H2019 to approximately 22.4% in 2H2020 mainly due to higher costs. Excluding the government rebates and grants such as wage credit scheme, jobs support scheme, foreign workers levy rebate and foreign workers levy waiver, the gross profit margins were 17.3% for 2H2020 and 24.0% for 2H2019.

Other income and gains
Other income and gains increased approximately $0.7 million or 28% from approximately $2.4 million in 2H2019 to $3.1 million in 2H2020 mainly due to more other payables written back – Ensure vendors of $0.4 million and government grant of $0.4 million. These increase were offset by lower interest income of $0.2 million.

Distribution costs
Distribution costs decreased approximately $0.2 million mainly due to reorganisation of roles and responsibilities of our employees.

Administrative expenses
Administrative expenses increased by approximately $1.4 million or 21% from $6.4 million in 2H2019 to $7.8 million in 2H2020. The increase was mainly due to inclusion of administrative expenses from Envipure Group which was acquired in November 2019.

Finance costs
Interest expenses decreased approximately $0.4 million or 54% mainly due to lower interest rates during the period under review.

Other losses
Other losses increased approximately $0.8 million or 112% mainly from the loss on disposal of plant and equipment of $0.2 million, impairment of other receivables of $0.1 million and more foreign exchange loss of $0.5 million.

Income tax expenses
Effective tax rates remained constant at 5.7% and 6.2% for 2H2020 and 2H2019.

Review of performance for full year ended 31 December 2020 ("12M2020")

Revenue

The Group's revenue decreased by approximately $3.8 million or 5%, from approximately $84.6 million in 12M2019 to approximately $80.8 million in 12M2020. This decrease was due to lower revenue from Project and Maintenance services of approximately $2.2 million or 5% and $1.6 million or 4% respectively. The decrease was mainly due to reduction in revenue due to the Covid-19 pandemic. This decrease was offset by additional revenue from Envipure Group which was acquired in November 2019

Business segment	12M2020 $'000	12M2019 $'000	Change $'000	Change %
Project services	39,342	41,590	(2,248)	(5)
Maintenance services	41,452	43,037	(1,585)	(4)
Total	**80,794**	**84,627**	**(3,833)**	(5)

Gross profit and gross profit margin
Gross profit for 12M2020 decreased by approximately $3.3 million or 16% from $21.3 million in 12M2019 to approximately $18.0 million in 12M2020. Gross profit margin decreased slightly from 25.1% in 12M2019 to approximately 22.2% in 12M2020 mainly due to reduced revenue and higher costs. Excluding the government rebates and grants such as jobs support scheme, foreign workers levy rebate and foreign workers levy waiver, the gross profit margins were 15.8% for 12M2020 and 24.0% for 12M2019.

Other income and gains
Other income and gains increased approximately $0.9 million or 30% from approximately $2.9 million in 12M2019 to $3.8 million in 12M2020 mainly due to increase in other payables written back – Ensure vendors of $0.5 million as these are no longer payable, foreign exchange gains of $0.3 million and government grant of $0.4 million. These increases were offset by lower interest income of $0.3 million and absence of gain on disposal of plant and equipment of $0.1 million.

Distribution costs
Distribution costs remained constant at $0.7 million. The decrease was due to reorganisation of roles and responsibilities of our employees. This was offset by an increase in contribution of sales and marketing costs from Envipure Group which was acquired in November 2019.

Administrative expenses
Administrative expenses increased by approximately $1.7 million or 14% from $12.0 million in 12M2019 to $13.7 million in 12M2020. The increase was mainly due to inclusion of administrative expenses from Envipure Group which was acquired in November 2019, offset by government grant income of $1.0 million.

Finance costs
Interest expenses decreased approximately $0.5 million or 34% mainly due to lower interest rates during the period under review.

Other losses
Other losses decreased approximately $0.3 million or 41%. This is mainly due to absence of foreign exchange loss of $0.6 million. This is offset by an increase in loss on disposal of plant and equipment of $0.2 million and impairment of other receivables of $0.1 million.

Income tax expenses
Effective tax rates remained constant at 7.1% and 7.6% for 12M2020 and 12M 2019 respectively.

Statement of Financial Position Review (as at 31 December 2020 compared to 31 December 2019)

Non-current assets
Non-current assets increased approximately $3.4 million or 5% from approximately $64.6 million as at 31 December 2019 to approximately $68.0 million as at 31 December 2020. The increase was mainly due to the addition of property, plant and equipment of approximately $0.9 million for the period under review and reclassification of $8.1 million asset held-for-sale to property as we were using these properties to house our foreign workers during the period under review. This was offset by depreciation charge of property, plant and equipment of $4.8 million. The increase in depreciation charge was mainly for the properties re-classed from held for sale. This was calculated from 1 October 2017 when the properties were recorded as asset held for sale.

The above increase was offset by (1) lower right-of-use asset due to the depreciation of the right-of-use asset; (2) lower intangible asset due to amortisation and (3) absence of deferred tax asset.

Current assets
Current assets increased approximately $3.5 million or 3% from approximately $97.3 million as at 31 December 2019 to $100.1 million as at 31 December 2020. This increase was due to higher cash and cash equivalents of approximately $14.3 million. These increases were mainly offset by the reclassification of $8.1 million asset held-for-sale to property and lower trade and other receivables due to lower sales and lower other assets as unbilled receivables reduced as sales were lower at year end.

Equity
Our capital and reserves increased by approximately $2.9 million as at 31 December 2020. The increase was from the retention of net profit from 12M2020 of approximately $5.5 million, offset by dividend payment of $2.4 million. Other reserves increased approximately $0.4 million. These increases were offset by purchase of treasury shares of approximately $0.6 million.

Non-current liabilities
Non-current liabilities decreased by approximately $0.7 million or 5% from approximately $12.9 million as at 31 December 2019 to approximately $12.2 million as at 31 December 2020. The decrease was due to the decrease in provision of approximately $0.3 million, decrease in deferred tax liabilities of $0.3 million, decrease in lease liabilities due to amortisation and decrease in other payables to Ensure vendors of $1.9 million which was no longer payable. The decrease was offset by more loans and borrowings from new bank borrowings.

Current liabilities
Current liabilities increased approximately $4.0 million or 6%, from approximately $63.0 million as at 31 December 2019 to $67.0 million as at 31 December 2020. The increase was due to more trade and other payables of approximately $5.3 million for payment to suppliers and accrued liabilities, increase in other liabilities and provisions of approximately $0.1 million each. These increases were offset by a decrease income tax payable of approximately $1.0 million and decrease in net borrowings of $0.5 million.

Statement of Cash Flows Review

2H2020

In 2H2020, net cash generated from operating activities amounted to approximately $10.8 million. We generated net cash of approximately $9.6 million from operating profits before working capital changes. Net cash generated from operations amounted to approximately $11.8 million. This was mainly due to cash inflow from increase in trade and other payables of approximately $7.2 million and cash inflow from decrease in inventories of approximately $1.1 million. These cash inflows were offset by cash outflow from the increase in trade and other receivables of approximately $2.7 million, increase in other assets of approximately $3.0 million, decrease in provision of approximately $0.2 million and decrease in other liabilities of approximately $0.2 million. Our operating cash flow from operations was reduced by income tax payments of approximately $1.0 million.

Net cash of approximately $0.4 million was used in investing activities, mainly from the purchase of property, plant and equipment of approximately $0.4 million. This cash outflow was offset by interest received of approximately $41,000.

Net cash of approximately $8.5 million was used in financing activities. This was mainly due to a net decrease in borrowing of $7.1 million, dividend payment of approximately $0.7 million, interest payment of approximately $0.3 million, lease liabilities – principal and interest portion paid of approximately $0.2 million, and purchase of treasury shares of $0.3 million.

12M2020

In 12M2020, net cash generated from operating activities amounted to approximately $18.0 million. We generated net cash of approximately $13.0 million from operating profits before working capital changes. Net cash generated from operations amounted to approximately $19.6 million. This was mainly due to cash inflow from increase in trade and other payables of approximately $3.4 million, cash inflow from decrease in other assets of approximately $0.4 million, decrease in inventories of approximately $0.9 million, decrease in trade and other receivables of approximately $2.2 million and increase in other liabilities of approximately $0.1 million. These cash inflows were offset by cash outflow from the decrease in provision of approximately $0.3 million. Our operating cash flow from operations was reduced by income tax payments of approximately $1.6 million.

Net cash of approximately $0.6 million was used in investing activities mainly from the purchase of property, plant and equipment of approximately $0.9 million. This cash outflow was offset by proceeds from disposal of plant and equipment and interest received of approximately $31,000 and $0.2 million respectively.

Net cash of approximately $2.5 million was used in financing activities. This was mainly due to dividend payment of approximately $2.4 million, interest payment of approximately $0.9 million, lease liaibilities – principal and interest portion paid of approximately $0.3 million and purchase of treasury shares of $0.6 million. These cash outflows were offset by net cash inflow from loans and borrowings of $1.8 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 $89.0 million comprising $27.6 million from Projects Services segment and $61.4 million from Maintenance Services segment as at 31 December 2020. 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 in our order book reporting.

The deliveries for these orders will spread within the next 48 months and as such, we expect to derive sustained revenue streams from these orders up to FY2025. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group's businesses and performance have been impacted and disrupted by a slowdown in economic activities due to the global Covid-19 pandemic. With the uncertainty in the recovery period of the Covid-19, the Group's growth and overall business performance in FY2021 will be affected.

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 2020

(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	0.362 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	0.419 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 $'000	Maintenance Services $'000	Others $'000	Elimination $'000	Group $'000
Continuing Operations FY2020					
Revenue by Segment					
Total revenue	41,990	42,115	-	(3,311)	80,794
Less: Inter segment sales	(2,647)	(664)	-	3,311	-
External revenue	39,343	41,451	-	-	80,794
Recurring EBITDA	6,197	3,813	(1,076)	3,082	12,016
Less: Inter segment expenses	456	2,626	-	(3,082)	-
Adjusted EBITDA	6,653	6,439	(1,076)	-	12,016
Finance costs	(244)	(489)	(288)	-	(1,021)
Depreciation of property, plant and equipment	(2,109)	(2,469)	(247)	-	(4,825)
Depreciation right-of-use asset	(2)	(129)	(58)	-	(189)
Amortisation of intangible asset	(32)	(273)	-	-	(305)
	4,266	3,079	(1,669)	-	5,676
Unallocated:					
Income tax expenses					(416)
Interest income					222
Profit from continuing operations, net of tax					5,482

	Project Services $'000	Maintenance Services $'000	Others $'000	Elimination $'000	Group $'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	1,065	3,604	13,500
Less: Inter segment expenses	1,700	1,904	-	(3,604)	-
Adjusted EBITDA	4,798	7,637	1,065	-	13,500
Finance costs	(349)	(872)	(316)	-	(1,537)
Depreciation of property, plant and equipment	(1,166)	(1,630)	(244)	-	(3,040)
Depreciation of right-of-use asset	-	-	(167)	-	(167)
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

Assets and Reconciliations

	Project Services $'000	Maintenance Services $'000	Others $'000	Group $'000
2020				
Reportable segment assets	3,887	3,956	-	7,843
Unallocated:				
Asset held-for -sale				-
Cash and cash equivalents				57,512
Inventories				11,195
Trade and other receivables, prepayments and deposits				23,505
Property, plant and equipment				34,785
Other non-current assets				33,209
Total Group assets				168,049
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

Liabilities and Reconciliations

	Project Services	Maintenance Services	Others	Group
	$'000	$'000	$'000	$'000
2020				
Reportable segment liabilities	798	106	-	904
Unallocated:				
Provision				1,954
Lease liabilities				3,688
Trade and other payables				22,987
Loans and borrowings				45,873
Deferred tax liabilities				2,859
Income tax payable				948
Total Group liabilities				79,213
2019				
Reportable segment liabilities	729	58	-	787
Unallocated:				
Provision				2,276
Lease liabilities				3,516
Trade and other payables				19,611
Loans and borrowings				41,591
Financial liabilities held for sale				3,000
Deferred tax liabilities				3,169
Income tax payable				1,989
Total Group liabilities				75,939

Geographical Information

	Revenue		Non-current Assets	
	31/12/2020 $'000	31/12/2019 $'000	31/12/2020 $'000	31/12/2019 $'000
China	21,153	16,277	3,952	4,071
Singapore	59,641	68,350	64,042	60,340
	80,794	84,627	67,994	64,411

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:

	FY2020 $'000	FY2019 $'000	Change %
Sales for first half year	33,015	40,544	(19)
Profit attributable to Owners of the Parent, Net of Tax for first half year	1,870	4,288	(56)
Sales for second half year	47,779	44,083	8
Profit attributable to Owners of the Parent, Net of Tax for second half year	3,612	4,192	(14)

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:

	FY2020	FY2019
	$'000	$'000
Interim dividend paid of 0.187 (2019: 0.429) cents per share	730	1,681
Proposed final dividend of 0.362 (2019: 0.419) cents per share	1,406*	1,636
Total dividend of 0.556 (2019: 0.848) cents per share	2,136	3,317

***** Based on 388,900,000 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2020.

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.

Not Applicable.

By Order Of The Board

Chang Yeh Hong
Executive Chairman
22 February 2021