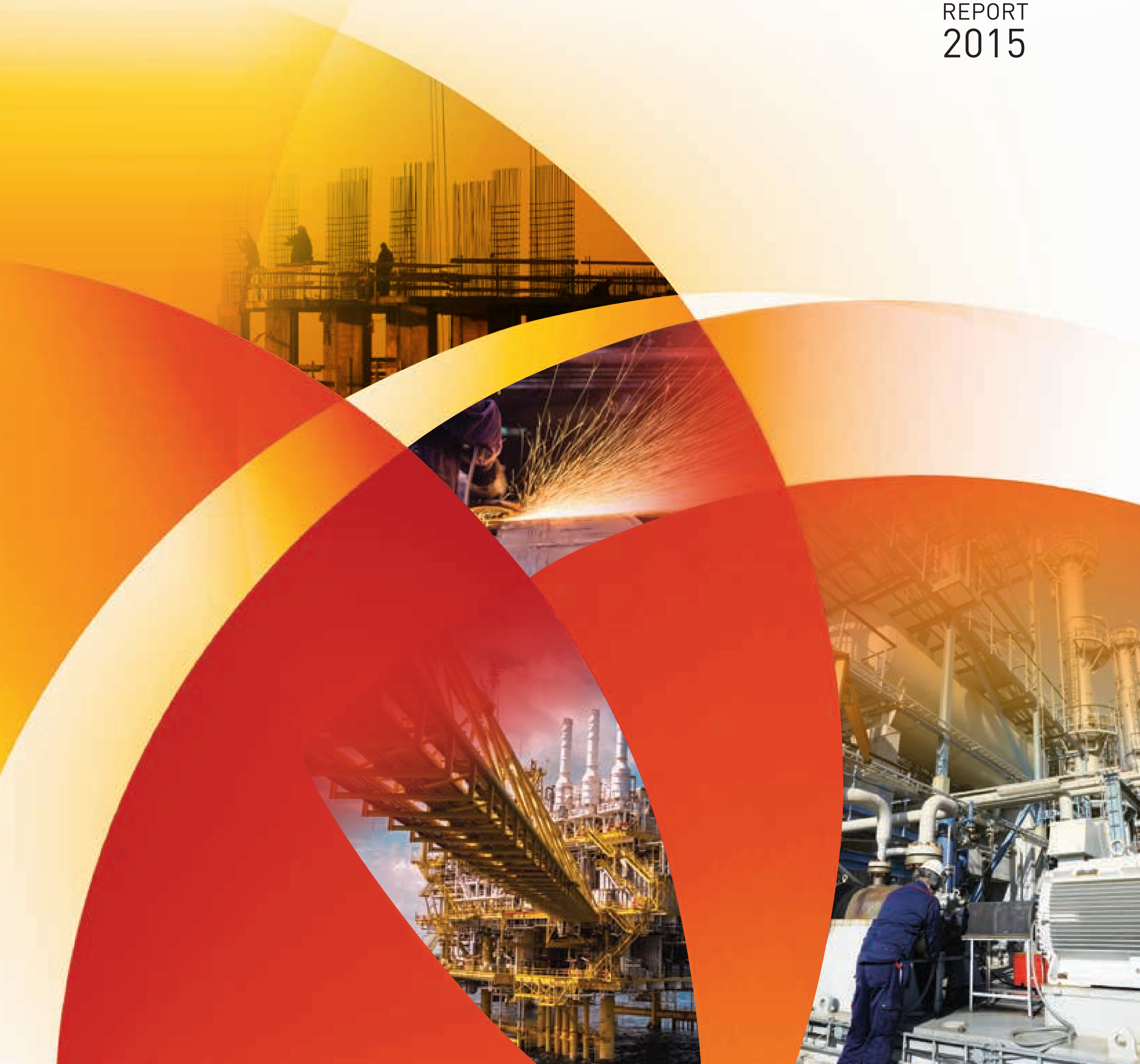
NORDIC
Group Limited

SYNERGISING CAPABILITIES FOR COMPETITIVE ADVANTAGE

ANNUAL REPORT 2015



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CORPORATE **PROFILE**

Listed on the Singapore Stock Exchange Mainboard in 2010, we are a global systems integration solutions provider serving mainly the marine, offshore, and oil & gas industries.

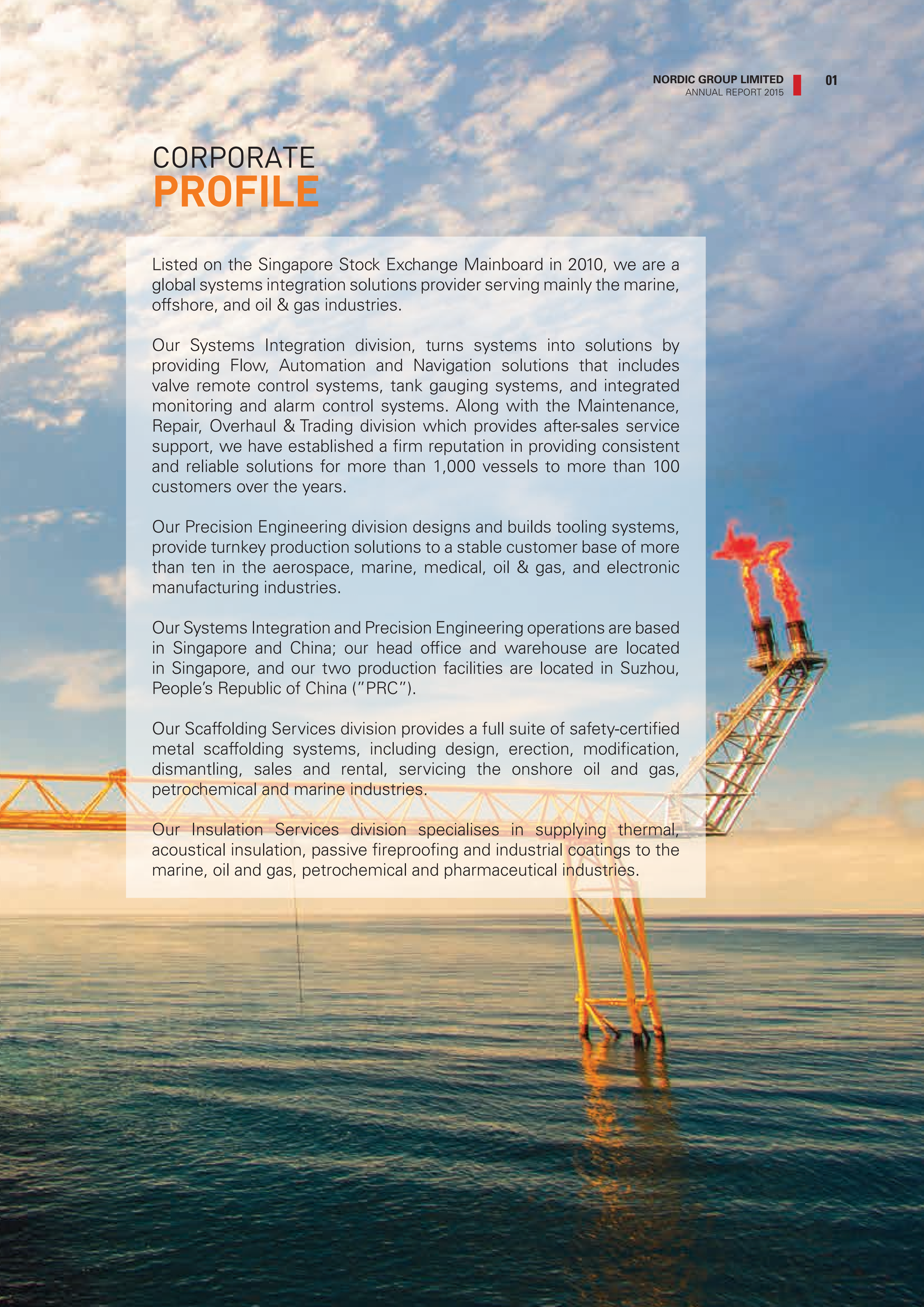
Our Systems Integration division, turns systems into solutions by providing Flow, Automation and Navigation solutions that includes valve remote control systems, tank gauging systems, and integrated monitoring and alarm control systems. Along with the Maintenance, Repair, Overhaul & Trading division which provides after-sales service support, we have established a firm reputation in providing consistent and reliable solutions for more than 1,000 vessels to more than 100 customers over the years.

Our Precision Engineering division designs and builds tooling systems, provide turnkey production solutions to a stable customer base of more than ten in the aerospace, marine, medical, oil & gas, and electronic manufacturing industries.

Our Systems Integration and Precision Engineering operations are based in Singapore and China; our head office and warehouse are located in Singapore, and our two production facilities are located in Suzhou, People's Republic of China ("PRC").

Our Scaffolding Services division provides a full suite of safety-certified metal scaffolding systems, including design, erection, modification, dismantling, sales and rental, servicing the onshore oil and gas, petrochemical and marine industries.

Our Insulation Services division specialises in supplying thermal, acoustical insulation, passive fireproofing and industrial coatings to the marine, oil and gas, petrochemical and pharmaceutical industries.



OUR BUSINESSES

We turn systems into solutions by providing Flow, Automation and Navigation solutions that includes valve remote control systems, tank gauging systems, and integrated monitoring and alarm control systems for use in vessels and platforms. We also offer Engineering, Project Management, Procurement, Installation, and Commissioning ("EPIC") services for conversion and upgrading of vessels.

With our extensive network of service centres spanning across the globe, our dedicated team of consultants readily provides prompt service support round the clock as part of our after-sales service. To date, over 1,000 vessels have been fitted with our systems, with the number steadily increasing with every delivery of new vessels, creating more opportunities for conversion and retrofitting of existing vessels.

Featuring 5-axis CNC machines at our production facilities in Suzhou, PRC, we specialise in the design and building of tooling systems, and provision of turnkey production solutions, servicing customers mainly from the marine, oil and gas, aerospace, medical and electronic manufacturing services industries.

We provide a full suite of safety-certified metal scaffolding systems, including design, erection, modification, dismantling, sales and rental, servicing the onshore oil and gas, petrochemical and marine industries. We have the requisite technical capabilities, expertise and infrastructure to execute complex projects. As testament to our strong customer base and long-standing relationships, our subsidiary, Multiheight Scaffolding Pte Ltd ("Multiheight") is the resident contractor for many major local and multinational companies in the onshore oil and gas industry.

We specialise in supplying thermal, acoustical insulation, passive fireproofing and industrial coatings. With its skilled workforce and technical expertise, our subsidiary, Austin Energy (Asia) Pte Ltd ("Austin Energy") has established a strong presence in several industries including the marine, oil and gas, petrochemical and pharmaceutical industries.

SALES AND SERVICES NETWORK

Covering Singapore and various locations in the PRC, our sales and services network as well as an international network of appointed sales and service agents provide prompt and proficient service support.

AWARDS & ACCREDITATIONS

SYSTEMS INTEGRATION

All systems, associated equipment and parts offered to our customers are accredited by various marine classification bodies such as ABS, Bureau Veritas, China Classification Society, Det Norske Veritas, Germanischer Lloyd, Indian Register of Shipping, Korean Registry of Shipping, Lloyd's Register, Nippon Kaiji Kyokai and Polski Rejester Statkow. Attaining certifications, such as ISO 9001 and OHSAS 18001, further reinforces our steadfast dedication to quality excellence.

PRECISION ENGINEERING

Our commitment to quality is evident as we attained certification for AS91000C, in addition to AS9100B and AS9100A, and ISO certifications (ISO 9001:2000, ISO9001:2008).

SCAFFOLDING SERVICES

Our scaffolding services subsidiary, Multiheight was one of the first in its industry to obtain the ISO9001 (previously known as ISO9002) certification in 1997. Multiheight has also received other quality certifications such as the OHSAS18001:2007 – Erection & Dismantling of Metal Scaffolding and SS506: Part1:2009 – Erection & Dismantling of Metal Scaffolding. These are testament to Multiheight's achievements in meeting stringent quality and safety requirements over the years.

INSULATION SERVICES

Our insulation services subsidiary, Austin Energy, is committed to providing quality products and solutions to customers. Besides having the quality certification ISO9001:2008, Austin Energy is also OHSAS certified with OHSAS 18001:2007. With much emphasis placed on good safety practices, Austin Energy has been awarded the highest level – bizSAFE Star certification from the Workplace Safety and Health Council ("WSH") in recognition of Austin Energy's ability to meet international safety, occupational health and quality management standards.

CORPORATE MILESTONES

1998
- Incorporated Nordic Flow Control Pte. Ltd. ("Nordic Flow Control"), started off as a service agent for marine control systems, providing after-sales service to end users

2003
- Transformed into a provider of ship automation solutions to vessels
- First contract from China Shipbuilding Trading Co. (International), Ltd., supplying VRCS to vessels in Wenchong Shipyard in Guangzhou

2004
- Acquired 60% equity interest in Avitools Singapore
- Set up Avitools (Suzhou) Co., Ltd ("Avitools Suzhou"), and representative offices in Shanghai and South Korea
- Clinched first Korean contract from STX Shipbuilding Co., Ltd, supplying Tank Gauging Systems

2006
- Achieved major breakthrough in the PRC market through deployment of own sales staff to undertake sales and marketing activities

2009
- Incorporated Nordic Flow Control (Suzhou) Co., Ltd ("Nordic Suzhou")
- Nordic Multi-Functional Automation Systems (NORMAS) received the Type Approval Certificate from Germanischer Lloyd

2010
- Listed on the Mainboard of SGX-ST
- Started offering a more comprehensive range of EPIC services

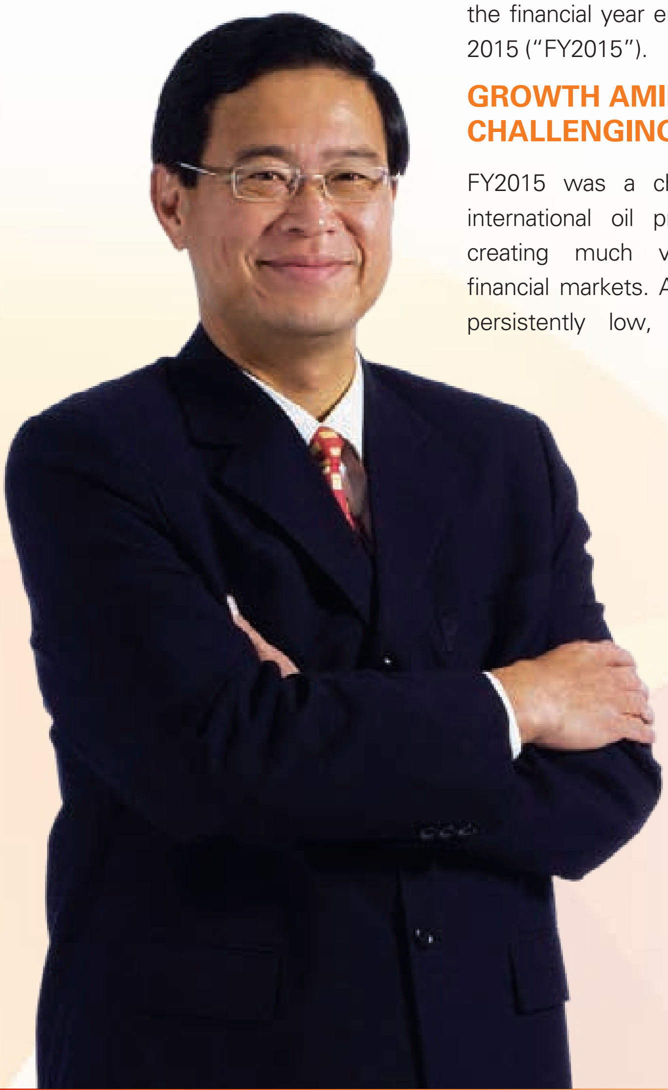
2011
- Acquired Multiheight to diversify into Scaffolding Services business, and expand our range of products and services to new customers in the onshore oil and gas sector

2012
- Purchased property located at 5 Kwong Min Road

2014
- Systems Integration expanded our product offerings under Nordic Integrated Solutions, adding Automation and Navigation Systems to our current product line.

2015
- Acquired Austin Energy to diversify into Insulation Services business and to forge a synergistic partnership with our scaffolding services division in offering our clients a high quality and complete suite of products and solutions
- Started offering sheet metal fabrication services

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

On behalf of the Board of Nordic Group Limited and its subsidiaries ("Nordic" or the "Group"), it is a great privilege to present to you our Annual Report for the financial year ended 31 December 2015 ("FY2015").

GROWTH AMIDST A CHALLENGING MARKET

FY2015 was a challenging year as international oil prices went south, creating much volatility in global financial markets. As oil prices remain persistently low, many oil majors have reduced their budget for capital expenditures. This has resulted in projects being deferred with some contracts facing the risk of cancellation across the oil and gas value chain.

At the same time, the offshore marine industry has also seen lesser new build orders for oil rigs, floating platforms, vessel, and more.

Despite facing a challenging operating environment in FY2015, I am very pleased that the Group has continued its strong momentum of growth as our Group's earnings registered a 33.5% leap to $10.5 million year-on-year ("yoy") in FY2015, hitting a new high in terms of record profits. In addition, our Group had completed the acquisition of Austin Energy (Asia) Pte Ltd ("Austin Energy") in June 2015 to complement its insulation business with our scaffolding business. Our Group expects the synergistic partnership of both scaffolding and insulation businesses would prove instrumental to our future financial performance as we seek to secure more customers and contracts by providing a comprehensive suite of products and services going forward.

Despite the challenging environment in FY2015, the Group has achieved significant improvement in revenue and profitability. With a stronger financial position, we are able to withstand the current market downturn.

CONSOLIDATING NORDIC'S BUSINESS OPERATIONS

Following the acquisition of Austin Energy and considering our future corporate strategy, our Group has restructured our business operations into three business segments (1) Project Services, (2) Maintenance Services and (3) Others, which is inclusive of investment holdings.

Under Project Services, our Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services

CHAIRMAN'S STATEMENT

and passive fireproofing services. Project Services also represent our Group's key revenue generator contributing 73.1% of total revenue in FY2015. In FY2015, revenue from Project Services increased 2.5% yoy to $58.8 million.

The Maintenance Services segment deals with maintenance and repair services provided by the Group which includes trading, supply of materials, spare parts and components. In FY2015, revenue from Maintenance Services spiked 45.8% yoy to $21.6 million partly attributed to the surge in scaffolding and insulation maintenance services as multinational companies and oil majors deferred their capital expenditure and shifted their focus on optimising their existing plant facilities.

The Others segment relates to other revenue streams, including dividends from investment holding.

MITIGATING INDUSTRY DOWNTURN VIA ACQUISITIONS

Our Group first acquired Multiheight Scaffolding Pte Ltd ("Multiheight") back in 2011 as part of risk diversification strategy.

Since the acquisition, Multiheight has proven to be earnings-accretive. Being a leading choice among oil majors due to its ability to provide high quality services and consistent good safety records, Multiheight has generated steady revenue streams and positive cashflows to our Group. With the recurring contribution from the scaffolding business, our financials have grown each year since 2011.

During the year, our Group acquired Austin Energy which specialises in thermal insulation services and passive fireproofing services. Austin Energy's insulation business is complementary with our existing scaffolding business. Bundling both services together will put us in a good stead to compete and secure more orders as we are now able to offer a more comprehensive suite of products and services to our valued customers. In addition, with the joining of Austin Energy, I am delighted to highlight that Nordic has now ventured into servicing the pharmaceutical industry which opens up a new market stream for our existing business operations, particularly the Scaffolding business. We are certainly optimistic this acquisition of Austin Energy will also be earnings-accretive and further contribute to our future growth.

STRENGTHENING OUR REVENUE COMPOSITION

With the Scaffolding and Insulation Services businesses along with our traditional Systems Integration business, Precision Engineering and Maintenance, Repair, Overhaul ("MRO") and Trading capabilities, our revenue trend has become less lumpy overtime. Our revenue streams have also become more stable incrementally and well-diversified across our suite of products and services while supported by the recurring maintenance revenue from the scaffolding and insulation businesses.

CONTRACT WINNING MOMENTUM

Notwithstanding the current market headwinds, our Group has maintained the momentum of securing and renewing contracts since the start of FY2015. The majority of such contracts are clinched with our repeat customers as seen from the recent renewal of

REVENUE INCREASE

11.1%
to $80.5 million

RECORD PROFITS

33.5%
increase to $10.5 million

maintenance contracts secured by Nordic Flow Control, Multiheights and Austin Energy for a total value of approximately $36.5 million, which was announced on 28 March 2016.

This highlights the Group's capability in delivering the necessary results, ensuring the satisfaction of long-standing customers.

The notable renewal of Multiheight's maintenance contract with an oil major for an initial period of three years, with an option of a two-year extension, is the first instance for the oil major to renew its maintenance contract with Multiheight on a longer tenure basis instead of periodic renewal, which further reinforces the abovementioned point.

Our Group has a strong order book of $39.2 million excluding maintenance contracts. These orders are expected to be completed within the next 24 months, thereby providing the Group with sustainable income up till FY2017.

CHAIRMAN'S STATEMENT

SALE OF PROPERTY

During the year, our Group took the decision to sell our property at 1 Commonwealth Lane for $2.0 million. The property was a non-core asset and was not generating any revenue. The sale has enabled our Group to realise some gains in the current year and most importantly, free-up additional cash which could be channelled for other investment opportunities.

SHARE PURCHASE MANDATE

We have sought and obtained approval from our shareholders for our Share Purchase Mandate via an Extraordinary General Meeting held on 29 April 2015. The approved mandate enables the Group to purchase up to 40.0 million ordinary shares being 10.0% of our total number of issued ordinary shares. We aim to utilise share purchases as a mean of maximising return to our shareholders and will only acquire shares if the purchases are beneficial to the Group and shareholders. Till date, we have purchased from the market approximately 5.5 million shares at a volume weighted average price of $0.182.

The Board has proposed to renew the Share Purchase Mandate, subject to shareholders' approval at our upcoming Annual General Meeting ("AGM") on 27 April 2016.

REWARDING OUR VALUED SHAREHOLDERS

Subject to shareholders' approval at our upcoming AGM, the Board declared a final dividend of 0.65 Singapore cents to reward our shareholders. Together with the interim dividend of 0.40 Singapore cents paid on 8 September 2015, the total dividends declared for FY2015 of 1.05 Singapore cents represent a dividend payout ratio of 40.0%, in line with the Group's dividend policy. This also represents the highest dividend declared since our listing in 2010.

THANK YOU FOR THE SUPPORT

On behalf of our Group, I would like to express my top-most gratitude to our prestigious customers, for their unwavering support over the years. Our Group would strive to maintain our quality standards and excellence in delivering our products and services. Also, I would like to take this opportunity to express my heartfelt appreciation to my directors and staff for their relentless dedication and hard work. Most importantly to our valued shareholders, thank you for your faith in our management team and commitment in our Group's strategic direction. Our Group intends to take on a cautious approach to build on the momentum

HIGHEST DIVIDEND DECLARED SINCE 2010 OF

1.05

SINGAPORE CENTS PER SHARE

garnered so far while we continue to source for suitable acquisitions to grow our revenue streams and further diversify our business operations as we monitor the current business climate. Barring any unforeseen circumstances, our Group is optimistic of our growth prospects going forward.

MR CHANG YEH HONG
Group Executive Chairman

BOARD OF DIRECTORS

CHANG YEH HONG
EXECUTIVE CHAIRMAN

Chang Yeh Hong is our Executive Chairman. He was appointed to our Board on 8 April 2010 and was last re-elected at the Company's Annual General Meeting ("AGM") on 29 April 2015. He is responsible for the working of the Board; the reviewing of business plans, strategic positioning and business expansion of the Group. He is a member of our Nominating Committee. He has more than 18 years of experience in the banking industry. From 1999 to 2000, he was the regional managing director of Asia Pacific with Citibank, and from 2000 to 2002, he was the global head of a product group with Standard Chartered Bank. From 2002 to 2003, Chang Yeh Hong was an executive director of Technics Group Holdings Limited (now known as Technics Oil & Gas Limited), responsible for finance and corporate development. He had previously served as an independent director at Union Steel Holdings Limited from 2005 to 2015. Since he took an executive role with us in 2004, he has played a pivotal role in the growth and development of our Group. Chang Yeh Hong holds a Bachelor of Arts degree majoring in Economics from the National University of Singapore and has completed the Standard Chartered International Management Programme in INSEAD Fountainbleau, France and the Business Financial Management Programme with Manchester Business School, United Kingdom.

DORCAS TEO LING LING
EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER OF NORDIC FLOW CONTROL PTE LTD

Dorcas Teo is our Executive Director. She was appointed to our Board on 30 June 2010 and was last re-elected at the Company's AGM on 26 April 2013. She has been with us since 2003 and was appointed as Chief Executive Officer of our subsidiary Nordic Flow Control Pte. Ltd. on 1 January 2012. Her responsibilities include overseeing our Group's strategic marketing and business development as well as growing our business globally. She has over 22 years of experience in the marine and offshore valve remote control industry. From 1994 to 2003, she was with Tyco Flow Control Pte Ltd, where she eventually took on the position of sales manager. She holds a Bachelor of Commerce degree with major studies in Management from The University of Western Sydney, a Diploma in Sales and Marketing from the Marketing Institute of Singapore as well as a Diploma in Electrical Engineering from the Singapore Polytechnic. In 2006, Dorcas Teo was awarded the Spirit of Enterprise Award in recognition of her inspiring her fellow Singaporeans to achieve greater entrepreneurial excellence.

ERIC LIN CHOON HIN
EXECUTIVE DIRECTOR

Eric Lin is our Executive Director. He was appointed to our Board on 30 June 2010 and was last re-elected at the Company's AGM on 25 April 2014. He is one of our founding shareholders in 1998. He is responsible for aspects relating to production and management of our production facilities, quality assurance and control, as well as development of new products. Eric Lin has over 16 years of experience in the marine, offshore and automation industries. He holds a Diploma in Manufacturing Engineering from the Singapore Polytechnic.

BOARD OF DIRECTORS

JULIANA LEE KIM LIAN
INDEPENDENT DIRECTOR

Juliana Lee is our Independent Director. She was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 29 April 2015. She is the Chairman of our Nominating Committee, and a member of our Audit Committee and Remuneration Committee. She also presently serves as an independent director on the boards of other listed companies, namely Lee Metal Group Limited and Forise International Limited (formerly known as Great Group Holdings Limited), having retired from the board of PSL Holdings Limited as its independent director in December 2014. Juliana Lee is a Director of Aptus Law Corporation, a law firm in Singapore. She has more than 20 years of experience in legal practice and currently heads the corporate practice of Aptus Law Corporation. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. She holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

ONG HUA
INDEPENDENT DIRECTOR

Ong Hua is our Independent Director and was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 25 April 2014. She is the Chairman of our Remuneration Committee, and a member of our Audit Committee and Nominating Committee. Ong Hua, a Chartered Accountant, has over 20 years of internal audit and external audit experience. Her years of external audit experience were gained mainly from two international accounting firms, namely, Deloitte & Touche LLP and RSM Chio Lim LLP, prior to advancing her internal audit career with Singapore Health Services Pte Ltd in 2007. She was a Senior Audit Manager with Singapore Health Services Pte Ltd till April 2010, when her employment was transferred to MOH Holdings Pte Ltd where she is currently a Deputy Director, Group Internal Audit Division. Ong Hua holds a Bachelor of Accountancy degree from the Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

HEW KOON CHAN
INDEPENDENT DIRECTOR

Hew Koon Chan is our Independent Director. He was appointed to our Board on 16 September 2010 and was last re-elected at the Company's AGM on 26 April 2013. He is the Chairman of our Audit Committee, and a member of our Remuneration Committee and Nominating Committee. He also serves as an independent director on the boards of other listed companies, namely Roxy-Pacific Holdings Limited, DeClout Limited and Far East Group Limited. He is currently the Managing Director of Integer Capital Pte Ltd, a business consultancy firm focusing on mergers and acquisitions. From 1986 to 1988, Hew Koon Chan was a process engineer at Texas Instruments Singapore (Pte) Ltd, and from 1988 to 2004, he was an investment director at Seavi Venture Services Pte Ltd, a private equity firm affiliated with Advent International Corporation. Hew Koon Chan graduated from the National University of Singapore with a Bachelor of Engineering (Mechanical) degree. He also holds a Certified Diploma in Accounting and Finance conferred by the Chartered Association of Certified Accountants and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

SENIOR MANAGEMENT

RODNEY KOH WEI MING

CHIEF EXECUTIVE OFFICER
OF AVITOOLS SUZHOU

Rodney Koh is the Chief Executive Officer of Avitools Suzhou and is responsible for the overall operations, sales and business development, profit and loss management, and human resources function of Avitools Suzhou. Rodney Koh was a senior repair development engineer at Pratt & Whitney Services Pte Ltd (SPRO) from 1999 to 2001, and an engineering manager from 2002 to 2005. From 2005 to 2006, he was the Operations Manager of Avitools Singapore. Rodney Koh holds a Bachelor of Engineering degree from the University of Aberdeen and a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

SAMANTHA LIM BEE HONG

GROUP HEAD OF BUSINESS EXCELLENCE,
CHINA & GENERAL MANAGER, NORDIC SUZHOU

Samantha Lim is the Group Head of Business Excellence, China and is responsible for all aspects relating to internal controls, risk management and business process improvements across all of the Group's China subsidiaries as well as serving as country head for Nordic Suzhou. From 1995 to 1999, she was an accounts executive at Planet Hollywood (Asia) Pte Ltd. From 2001 to 2004, Samantha Lim was an accounts supervisor at International Refinery Services Pte Ltd. From 2004 to 2007, she was our Group accountant, and from 2007 to 2008, she was a senior accountant at CapitaLand Limited. From 2008 to 2009, she was Head, Business Control of Nordic Flow Control. From 2009 to 2013, she was the General Manager of Nordic Suzhou. Samantha Lim holds a Bachelor of Commerce Degree in Accounting and Banking from Curtin University of Technology.

ROBIN YIP KIN HOONG

CHIEF OPERATING OFFICER
OF MULTIHEIGHT

Robin Yip is the Chief Operating Officer of Multiheight and is responsible for managing the daily operations of the Company covering allocation and scheduling of resources within worksites and monitoring of operational processes so as to ensure projects and maintenance jobs are completed timely and within customers' expectations. He is responsible for the overall operations, sales and business development, profit and loss management and human resources function of Multiheight and also drives productivity and work improvement initiatives to derive cost efficiencies. From 2000 to 2001, he was a Technical Administrator in ExxonMobil Chemical Plant. From 2002 to 2004, he was a Chemical Technician in Stella Chemical (S) Pte Ltd. Prior to joining us in 2009, he was a Process Technician in Teijin Polycarbonate (S) Pte Ltd. He was the Operations Manager in 2012 before his promotion to Chief Operating Officer in 2014.

SENIOR MANAGEMENT

TANG YEW QUAN

DIRECTOR – MULTIHEIGHT & AUSTIN ENERGY

Tang Yew Quan is a director of our subsidiary companies, Multiheight Scaffolding Pte Ltd and Austin Energy (Asia) Pte Ltd. He left the Group in April 2014 and rejoined 12 months later to assume the above positions. Prior to these appointments, he was Chief Financial Officer of our Group. He has more than 30 years of experience in the banking industry. He held local and regional positions from 1977 to 2008 in Standard Chartered Bank. Prior to joining our Group in December 2009, he was the Country Head of Credit for Small & Medium Enterprises at the Taiwan branch of Standard Chartered Bank. Tang Yew Quan holds a Bachelor of Business Administration degree from the then University of Singapore and a Master of Business Administration (Banking and Finance) degree from the Nanyang Technological University.

OON YAN YI

GROUP FINANCIAL CONTROLLER

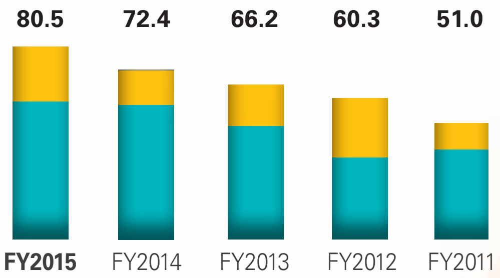
Oon Yan Yi is our Group Financial Controller and Company Secretary, and she is responsible for the finance, taxation, treasury, risk management and corporate secretarial aspects for the Group. From 2006 to 2015, she progressed from audit assistant to audit senior manager at RSM Chio Lim LLP. Oon Yan Yi joined the Group in January 2016 and holds a Bachelor of Accountancy degree from the Nanyang Technological University. She is a non-practicing member of the Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

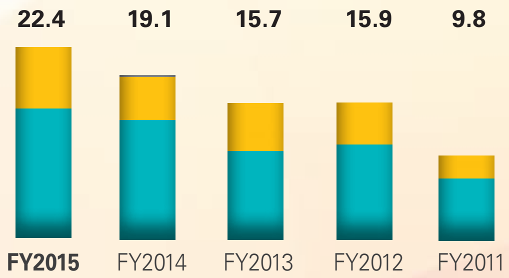
FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS	FY2015	FY2014	Change (%)
Revenue ($'millions)	80.5	72.4	11.1
Gross Profit ($'millions)	22.4	19.1	17.5
Net Profit ($'millions)	10.5	7.9	33.5
Earnings per Share – Basic/Fully Diluted (cents)	2.6	2.0	30.0
Net Asset Value per Share (cents)	14.8	13.3	11.3

REVENUE BY BUSINESS SEGMENTS ($'MILLIONS)

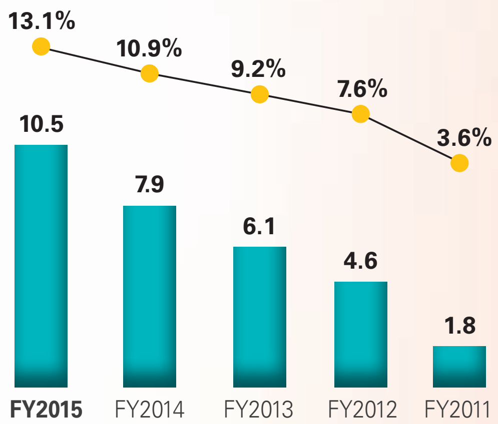


GROSS PROFIT BY BUSINESS SEGMENTS ($'MILLIONS)*

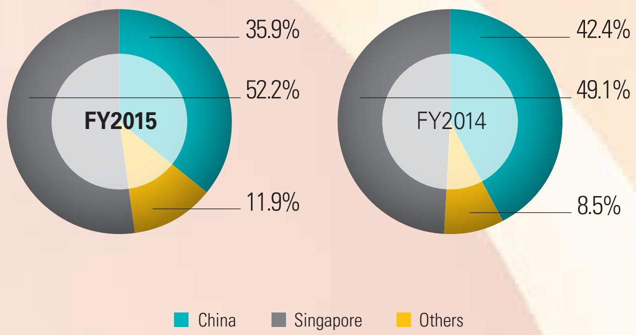


Project Services Maintenance Services Others

NET PROFIT ($'MILLIONS) AND NET PROFIT MARGIN (%)



REVENUE BY GEOGRAPHICAL REGIONS (%)



* During the year, certain costs have been reclassified from administrative expenses to cost of sales. For comparison purposes, the nature of reclassification has been applied to prior years accordingly, which explains for the fall in the gross profit as compared to the figures disclosed in FY2014 Annual Report.

OPERATIONS AND FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUE

Boosted by contributions from Austin Energy (Asia) Pte Ltd and its subsidiary, Austin Energy Offshore Pte. Ltd. (collectively known as "AE Group") which was acquired on 2 June 2015, the Group's revenue rose 11.1% to $80.5 million for the year in review. The Maintenance Services segment has shown solid revenue growth of 45.8% to $21.6 million in FY2015. The Group expects strong performance from the Maintenance Services segment given the shift in customers' focus towards optimising their existing plant facilities.

Moving forward, the Group's robust order book stands at $39.2 million which will be delivered over the next 24 months, providing sustained revenue streams till FY2017.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased from $19.1 million in FY2014 to $22.4 million in FY2015. This 17.5% increase is mainly due to contribution from AE Group.

Similarly, the gross profit margin rose 1.5 percentage points to 27.9% in FY2015 from 26.4% in FY2014.

EXPENSES

Interest expense increased by 71.4% to $1.0 million, mainly attributed to the draw-down of bank loan to fund the acquisition of AE Group.

As a result of the acquisition, the Group also incurred higher administrative expenses, which saw a 14.2% increase to $10.7 million from $9.3 million the year before. These expenses also included the amortisation and depreciation of intangible assets and revalued property, plant and equipment arising from the acquisition.

OTHER GAINS

Other gains of approximately $2.0 million comprised mainly of i) foreign exchange gains of $1.0 million ii) gain on disposal of a leasehold property of $0.5 million and iii) government grants received of approximately $0.3 million.

PROFITABILITY

The Group's net profit attributable to shareholders surged 33.5% to $10.5 million in FY2015 on the back of a solid performance by its Project Services and Maintenance Services segments. Earnings per share have improved by 30.0% to 2.6 cents per share. Similarly, the Group's net asset value per share rose to 14.8 cents from 13.3 cents the year before.

In line with the formal dividend policy of at least 40.0% of the net profit attributable to shareholders on a half-yearly basis, which was adopted the year before, the Board has proposed a final cash dividend of 0.65 cents per ordinary share subject to shareholders' approval at the forthcoming Annual General Meeting. This is on top of the interim dividend of 0.40 cents per ordinary share declared for 1H 2015 and has since paid to shareholders on 8 September 2015.

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

Non-current assets

During the year, the Group acquired AE Group, which led to an increase of approximately $15.1 million in the Group's non-current assets from $25.9 million as at 31 December 2014 to $41.0 million as at 31 December 2015.

OPERATIONS AND FINANCIAL REVIEW

Current assets

Due to the acquisition of AE Group, the Group's current assets increased by approximately $12.5 million which was partially offset by a decrease in cash and cash equivalents of $3.7 million and decrease in trade and other receivables of $2.0 million.

TOTAL LIABILITIES

Current liabilities

In addition to the inclusion of the current liabilities of AE Group of approximately $12.2 million, the increase in trade and other payables of $4.6 million which arises mainly due to the final consideration payable for the acquisition of AE Group, contributed to the rise in the Group's current liabilities by 20.7% to $40.9 million as at 31 December 2015. This increase is partially offset by the regular repayment of short term bank borrowings of $10.8 million.

Non-current liabilities

Non-current liabilities increased approximately $8.8 million or 266.4% to $12.1 million as at 31 December 2015. The increase was mainly due to the bank loan drawn down for the acquisition of AE Group.

EQUITY

The Group's capital and reserves increased $6.1 million or 11.4% to $59.4 million as at 31 December 2015. This increase is mainly attributable to net profit for FY2015 partially offset by dividend distributions and share buybacks made during the year.

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

($'M)	FY2015	FY2014
Net cash generated from operating activities	9.2	17.0
Net cash used in investing activities	(8.1)	(1.3)
Net cash generated from financing activities	1.4	2.0
Cash and cash equivalents at end of the year	35.6	32.8

For FY2015, the Group's net cash generated from operating activities amounting to $9.2 million compared with $17.0 million in FY2014. The Group generated close to $15.5 million from operating profits before working capital changes before utilising $4.2 million from working capital changes. This was mainly due to cash flow from increase in inventories of $1.3 million and cash flow from decrease in trade and other payables of $5.0 million, partially offset by cash flow from decrease in trade and other receivables of $0.9 million and cash flow from increase in other liabilities of $1.1 million.

Acquisition of AE Group mainly accounted for the $8.1 million used in investing activities. This was up from $1.3 million used in the preceding period.

New bank borrowings (net of repayments made) of approximately $6.9 million, partially offset by dividend payments of $3.6 million and share buybacks of $0.9 million, accounted for the $1.4 million generated in financing activities.

The year under review saw the Group end with a robust balance sheet – with increased cash and bank balances amounting to $35.6 million as at 31 December 2015 as compared to $32.8 million as at 31 December 2014.

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Sharing the festive joy with the elderly at SWAMI through games and activities

"As a responsible corporate citizen, our Group is firmly committed to corporate social responsibility ("CSR") efforts to improve the environment, our community, our employees' work place, the society that our business operates in while delivering quality products and services to our customers and engaging our shareholders regularly."

COMMITMENT TO OUR SHAREHOLDERS

Our Group remains committed to sound corporate governance and transparency practices by providing existing and potential investors with timely, accurate and full disclosure so as to aid them in better evaluating the Group and make informed investment decisions.

Information of our Group is available via the following channels:

1. All our corporate announcements, including interim, full-year results and presentation materials, on the Singapore Exchange's SGXNet;
2. Our Group's corporate website with easy-to-access business information of our subsidiaries – http://www.nordicgrouplimited.com;
3. Our investor relations email: ir@nordicflowcontrol.com
4. Investor, analyst and media briefings and site visits in relation to our corporate updates. For further information, please email to staff@financialpr.com.sg.

COMMITMENT TO THE ENVIRONMENT

Nordic remains committed to environmental protection, reducing carbon emissions, preventing pollution, minimising wastage and utilizing our resources efficiently. Our Group sets in place strict operating procedures to handle the treatment and disposal of waste and takes pride in adopting greener solutions constantly in our daily operations to reduce environmental pollution.

As part of our ongoing efforts to protect the environment, our Group implemented a waste recycling programme which involves the installation of separate bins to collect reusable waste for reuse. Also, chemicals and hydrocarbon waste products such as paints and engine oil are treated with special care and disposed of through proper biohazard disposal channels. A water recycling system has also been implemented to reduce water wastage while utilizing water blast machine to remove concrete stains and rust on scaffolding materials.

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

COMMITMENT TO OUR COMMUNITY

Our Group remains committed in making positive contributions to our community by giving back to society and helping the underprivileged and needy.

In FY2015, our Group participated actively in several community initiatives and contributed cash donations in support of various organisations such as the 1000 Enterprise for Children-in-Need ("1000E") programme. Launched in February 2009, 1000E programme is a fund-raising programme that aims to encourage small, medium and large companies to engage in corporate philanthropy by pledging donations to Singapore Children's Society ("SCS") annually. Besides making a donation, the Group also participated in various activities which included a walkathon held at Sentosa, that were organised as part of the 1000E programme in FY2015.

Nordic also collaborated with the Sunshine Welfare Action Mission ("SWAMI") and hosted a Christmas celebration for the elderly at the SWAMI Home located in Sembawang. The celebration started off with a heart-warming carolling performance, followed by a series of fun-filled activities, and ended off with the distribution of Christmas gifts to the elderly.

COMMITMENT TO OUR EMPLOYEES

Occupational Safety & Health

Working in a highly regulated and hazardous industry, our Group adopts a culture where health and safety are of paramount importance. Our Group has set a policy that demands us to adhere to relevant legal and regulatory requirements and recognised industry standards. Our Group places high emphasis on safety and believed strongly in maintaining zero occupational injuries, diseases, property and environmental damage over the course of our work. We constantly review and improve our internal processes; conduct proper training and planning to uphold our safety standards. Our people represent our Group's most important assets and we strive continuously to create a safe and healthy working environment for all our employees to thrive in.

Sharing the festive joy with the elderly at SWAMI through games and activities

Multiheight group

Nordic Flow Control, Multiheight and Austin Energy employees at the charity event for SWAMI

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

In 2015, Multiheight was awarded the WSH Silver Performance Award – a record of 14 times that the Group has won the award since 2002. This award is testament to the Group's internal methodologies and processes which were thoroughly reviewed as part of the evaluation process for the award. In addition, Multiheight also clinched the WSH Supervisor Award in 2015 – an award which recognises supervisors who takes care of workers under their charge by improving the safety and health performance in their workplaces. Safety awareness and best practices begin with individual employee and transcend into the Group's overall safety culture. Our Group is delighted to receive both awards as they reflect our perseverance in promoting a safe work culture. Such awards also serve as a benchmark and encouragement for all our businesses to strive forward.

Workforce Development

At Nordic, our people are our most important asset. We believe in providing our employees a safe environment to work in, both from an internal control and industry standard perspective. We remain committed to provide equal and ample opportunities for employees to upgrade and hone their skill sets in order for them to excel.

To highlight the Group's ability to train its employees and align with the industry standards, we have a Certified On-the-job Training Centre ("COJTC") at Multiheight. At the COJTC, we are able to integrate new employees with induction programmes and on-the-job training. Employees are also encouraged to upgrade themselves by attending courses and specialised training. With these sound policies and procedures in place, Nordic has positioned itself as an employer of choice in the industry.

The Group understands the importance of work-life balance. In appreciation of our diligent employees, year-end celebrations were held to celebrate the Group's achievements and to recognise the accomplishments of our staff. This year, our Annual Dinner and Dance ("DnD") events were held in Singapore and China. Following the acquisition of Austin Energy during the year, this is the first time our Singapore DnD event involved three subsidiaries: Nordic Flow Control, Multiheight, and Austin Energy.

Nordic Flow Control management putting up a performance at the 2016 Nordic Group Dinner & Dance

Our Chairman presenting the top prize at the 2016 Nordic Group Dinner & Dance

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

COMMITMENT TO OUR CUSTOMERS

Our Group firmly believes that a returning customer is the best recognition of our hard work and dedication, supported by our Group's safety and quality track records and capabilities. We strive to deliver the upmost satisfaction to our valued customers by meeting and even surpassing their expectations of the Group.

As such, the Group emphasises much on the quality and value of our work and the handling of our customers with honesty and respect. The Group has established a set of internal controls and process manuals to adhere to closely to ensure our work is completed to specification and of high quality. We also aim to achieve "Best in Class" works through our ISO 9001:2008 quality management system requirements, and by continuously investing in the training and upgrading of our workforce. In addition to these, we constantly innovate new solutions to keep abreast with the latest technology and processes in the industry and perform regular reviews of our quality policy requirements so as to adhere to stringent product and service consistency and legal requirements.

As a testament to our Group's high standards in workplace safety and quality of our products and solutions, our Group has won numerous awards and accreditations in FY2015. For instance, our Group's subsidiary, Multiheight Scaffolding, was awarded Gold in Chevron Oronite Best Contractor Award and also obtained the ExxonMobil Safety Performance Award for an Injury-Free 2015. In addition, our subsidiary, Austin Energy, has clinched Gold in Chevron Oronite Contractor Safety Performance Award in 2015 and received special Commendation for Good Safety Performance by Pfizer Asia Pacific Pte Ltd. Such awards amplify our Group's high safety standards, all-round capabilities and quality of work completed for our valued customers.

Management Group

Owing to our established financial position and track record as a sustainable business, the Group was ranked in the 28th annual Singapore 1000 rankings. The Group was also actively involved in industry associations such as

- Member – ASIA (Access & Scaffold Industry Association)
- Member – ASPRI (Association of Process Industry)
- Member – ASMI (Association of Singapore Marine Industries)

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chang Yeh Hong
Executive Chairman

Teo Ling Ling
Executive Director, Chief Executive Officer of Nordic Flow Control Pte Ltd

Lin Choon Hin
Executive Director

Lee Kim Lian Juliana
Independent Director

Ong Hua
Independent Director

Hew Koon Chan
Independent Director

AUDIT COMMITTEE
Hew Koon Chan (Chairman)
Lee Kim Lian Juliana
Ong Hua

REMUNERATION COMMITTEE
Ong Hua (Chairman)
Lee Kim Lian Juliana
Hew Koon Chan

NOMINATING COMMITTEE
Lee Kim Lian Juliana (Chairman)
Ong Hua
Hew Koon Chan
Chang Yeh Hong

REGISTERED OFFICE
5 Kwong Min Road
Singapore 628708

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARY
Oon Yan Yi, CA (Singapore)

AUDITORS
RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road #04-08
Wilkie Edge
Singapore 228095

Partner-in-charge: Lam Chien Ju
(A member of the Institute of Singapore Chartered Accountants)
(Effective from the year ended 31 December 2014)

PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
10 Collyer Quay #30-00
Ocean Financial Centre
Singapore 049315

CIMB Bank Berhad
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

Citibank N.A.
8 Marina View #21-00
Asia Square Tower 1
Singapore 018960

DBS Bank Ltd.
12 Marina Boulevard, Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

Malayan Banking Berhad
2 Battery Road, #15-01
Maybank Tower
Singapore 049907

Oversea-Chinese Banking Corporation Limited
65 Chulia Street #10-00
OCBC Centre East
Singapore 049514

Standard Chartered Bank
8 Marina Boulevard #27-01
Marina Bay Financial Centre Tower 1
Singapore 018981

United Overseas Bank Ltd
80 Raffles Place
UOB Plaza
Singapore 048624

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Nordic Group Limited ("the Company") and its subsidiaries (the "Group") is committed to achieving high standards of corporate governance to ensure investor confidence in the Company as a trusted business enterprise. The Board and management will continue to uphold good corporate governance practices to enhance long-term value and returns for shareholders and protect shareholders' interests.

This report (the "Report") describes the Group's corporate governance practices that were in place during the financial year ended 31 December 2015 with reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") and where applicable, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

The Board is pleased to report on the compliance of the Group with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

BOARD OF DIRECTORS

Principle 1: The Board's Conduct of its Affairs

The Board provides leadership to the Group by setting the corporate policies and strategic aims. The main functions of the Board, apart from its statutory responsibilities, are to:

- Approve the broad policies, strategies and financial objectives of the Group and ensuring that the necessary financial and human and other resources are in place for the Group to meet its objectives;
- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance to enable risks to be assessed and managed including safeguarding of shareholders' interest and the assets of the Group;
- Review the performance of the management and approving the nominations of Directors of the Company and appointment of key management personnel;
- Approve annual budgets, major funding proposals, investment and divestment proposals;
- Set the Group's values and standards (including ethical standards) and ensuring that the obligations to the Shareholders and other stakeholders are met; and
- Assume responsibility for corporate governance.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with the management to make objective decisions in the interest of the Group.

The Board has established a number of Board Committees to assist it in discharging its responsibilities. These Board Committees operate under clearly defined terms of reference. The three (3) Board Committees are:

- Audit Committee (the "AC")
- Nominating Committee (the "NC")
- Remuneration Committee (the "RC")

CORPORATE
GOVERNANCE REPORT

The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets at least four (4) times a year to review and approve, inter alia, the quarterly financial results of the Company, including the half-year and year-end results. The Board also meets as warranted by circumstances to supervise, direct and control the Group's business and affairs. Apart from Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing. Telephonic attendance and conference via audio communication at Board and Board Committee meetings are allowed by the Company's Constitution.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings during the financial year ended 31 December 2015 ("FY2015") are as follows:

	Board and Board Committees			
	Board	**Audit**	**Nominating**	**Remuneration**
No. of meeting Held	4	4	2	2
Board Members				
Chang Yeh Hong	4*	–	2	–
Teo Ling Ling	4	–	–	–
Lin Choon Hin	4	–	–	–
Hew Koon Chan	4	4*	2	2
Lee Kim Lian Juliana	4	4	2*	2
Ong Hua	4	4	2	2*

* Chairman

Certain matters specifically reserved for decision by the Board are those relating to approval of strategies and objectives of the Group, announcements of financial results, approval of annual reports and financial statements, convening of shareholders' meeting, dividend payment, major contracts, material acquisitions and disposal of assets and corporate restructuring.

During the year, management kept the Directors up-to-date on pertinent developments in the business, financial reporting standards and industry-related matters. Such periodic updates were provided to the Directors to facilitate the discharge of their duties. The Directors are also encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. At each Board meeting, the Chief Executive Officers ("CEO") of the Group's respective business division updates the Board on the business and strategic developments of the Group.

Incoming Directors are briefed on the Group's business and Corporate Governance policies by senior management, to familiarise new directors with business and governance policies. Familiarisation visits, including overseas offices, are organised, if necessary, to facilitate a better understanding of the Group's operations. The sessions also allow the new directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to senior management.

CORPORATE GOVERNANCE REPORT

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

Newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

There were no newly appointed Directors during FY2015.

Principle 2: Board Composition and Guidance

As at date of this Report, the Board comprises three (3) Executive Directors and three (3) Independent Directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of Independent Directors. Each Director has been appointed on the strength of his caliber, expertise and experience.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group.

The NC, in its deliberation as to the independence of a Director, has reviewed, determined and confirmed the independence of the Independent Directors.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

The NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure appropriate balance of skills and experience. These competencies include accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The NC is satisfied that the current size and composition of the Board and Board Committees is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The NC is also of the view that the Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Board includes three (3) female Directors in recognition of the importance and value of gender diversity.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Executive Chairman and the CEOs of each of the Group's respective business segments are separate persons to ensure an appropriate balance and separation of power and authority, and clear division of responsibilities and accountability.

The Executive Chairman bears responsibility for the working of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. Additionally, the Executive Chairman plays a pivotal role in steering the strategic direction for the Board while respective subsidiary CEOs manage the business of the Group and ensures the execution of the Board's decisions.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

NOMINATING COMMITTEE

The NC comprises four (4) members, a majority of whom including the Chairman are independent.

Chairman:	Lee Kim Lian Juliana	(Independent Director)
Members:	Hew Koon Chan	(Independent Director)
	Ong Hua	(Independent Director)
	Chang Yeh Hong	(Executive Director)

The main role of the NC is to make the process of Board appointments and re-appointments transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Director to the effectiveness of the Board.

When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with a particular skill, the NC, in consultation with the Board, determines the selection criteria and selects the candidates with the appropriate expertise and experience for the position.

The NC performs the following functions:–

- Review the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;

- Recommend to the Board the performance criteria and appraisal process to be used for the evaluation of individual Directors as well as the effectiveness of the Board as a whole;

- Review and recommend all nominations for appointments to the Board;

- Review and make recommendations to the Board for the re-nomination/re-election of Directors, having regard to the individual director's contribution and performance;

- Assess annually whether or not a Director is independent;

- Review and approve any new employment of related persons and the proposed terms of their employment.

The Constitution of the Company requires one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting. In addition, all Directors of the Company shall retire from office at least once every three years.

Pursuant to the one-third rotation role, Mr Hew Koon Chan and Ms Teo Ling Ling will retire and submit themselves for re-appointment at the forthcoming AGM. The NC is satisfied that the Directors retiring in accordance with Article 104 of the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution in terms of guidance and time devoted to Board affairs.

On the matter of multiple board representations, and to address the issue of competing time commitments, the Board has endorsed the NC's recommendation that each Director should not hold in excess of six (6) listed Company board representations.

CORPORATE GOVERNANCE REPORT

As at the date of this Report, the Board does not have any Independent Director who has served beyond nine (9) years from his date of appointment. The Company does not have any alternate Director.

The Company has established the following process for the selection and appointment of new Directors:

- The NC determines a suitable size of the Board and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the Group's operations;

- The NC considers various sources of seeking suitable candidate(s) or recommendations from, among others, Directors, business associates and advisors;

- Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail, among others, their qualification, working experience and employment history;

- The NC evaluates candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other present and past directorships; and

- The NC makes recommendation to the Board for approval. The Board is to ensure that the candidate is aware of the expectations and the level of commitment required.

Key information of each member of the Board including directorships and chairmanships, both present and those held over the preceding three (3) years, in other listed companies and other major appointments, academic/professional qualifications, membership/chairmanship in the Board Committees can be found under page 9 of this Annual Report.

Principle 5: Board Performance

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Director. The objective of the annual appraisal is to identify areas for improvement and to implement appropriate action. The appraisal process focuses on a set of performance criteria which includes qualitative and quantitative factors such as principal functions, fiduciary duties, attendance record, level of participation at meetings, and guidance provided to the management.

All the Directors were requested to complete a Board Assessment Checklist and Individual Director Form designed to seek their views on the performance criteria so as to assess the overall performance and effectiveness of the Board and individual Director. The checklists and forms were completed and submitted to the Company secretary for collation and the consolidated responses were presented to the NC for review and discussion before making any recommendations to the Board. The NC has reviewed the overall performance and effectiveness of the Board and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that each Director has been adequately carrying out his or her duties as a Director of the Company.

The NC has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the Directors are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. Senior management attends Board Meetings to answer any queries from the Directors. The Directors also have unrestricted access to the Company's senior management at all times.

To allow directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors a week in advance of the meeting. Any additional material or information requested by the Directors is promptly furnished.

In order to ensure that the Board is able to fulfill its responsibilities, the management provides the Board with regular updates of the financial position of the Group. The Directors have been provided with the phone numbers and email particulars of the Company's key management personnel to facilitate separate and independent access.

The Company Secretary attends Board and Board Committee meetings and is responsible for ensuring that the Board Meeting procedures are followed and that applicable rules, acts and regulations are complied with.

The Company Secretary attends and prepares minutes for all Board and Board Committee meetings. As Secretary for all the Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and the management. The Company Secretary assists the Chairman, the Chairman of each Board Committee and the management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Each Director, whether individually or as a group, has the right to seek independent professional advice as and when necessary, in furtherance of their duties. The cost of such professional advice will be borne by the Company.

REMUNERATION COMMITTEE

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three (3) members, all of whom including the Chairman are independent.

Chairman:	Ong Hua	(Independent Director)
Members:	Hew Koon Chan	(Independent Director)
	Lee Kim Lian Juliana	(Independent Director)

To minimize the risk of any potential conflict of interest, each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

The Company may also engage an external consultant to advise on all remuneration and related matters of Directors and senior management, as and when circumstances require to ensure that the Directors' remuneration is fair and reasonable and benchmarked against comparable companies.

CORPORATE GOVERNANCE REPORT

The Executive Directors' remuneration packages are based on their respective service agreements. These included a profit sharing scheme that is performance related to align their interests with those of the shareholders.

Independent Directors are paid Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The principal terms of reference of the RC are as follows:

- Review and recommend to the Board an appropriate framework for remuneration and the specific remuneration packages and terms of employment for each Executive Director, CEO and key executives;
- Review the remuneration packages of employees related to any Director, controlling shareholder and/or executive officer of the Group to ensure that these are in line with staff remuneration guidelines;
- Oversee the award of share options and the payment of fees to Non-Executive Directors and to ensure the quantum commensurate with the Non-Executive Directors' contribution to the Board and the Company;
- Structure a portion of Executive Director's remuneration package so as to link rewards to Group or corporate and individual performance;
- Review and recommend to the Board the eligibility of the Directors under long-term incentive schemes and to evaluate the costs and benefits of such long-term incentive schemes;
- Review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired;
- Review and recommend to the Board the fixed appointment period for all Executive Directors and the compensation commitments of directors' contracts of service, if any, in the event of early termination;
- Consider the various disclosure requirements for Directors' remuneration; particularly those required by Singapore Exchange Securities Trading Limited and other regulatory bodies and to ensure and enhance transparency between the Company and relevant interested parties;
- Recommend to the Board any appropriate extensions or changes in the duties and powers of the Committee;
- Retain such professional consultancy firm as deemed necessary for the Committee to discharge its duties.

The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are reviewed by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director. No individual Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE REPORT

Principle 8: Level and Mix of Remuneration

The remuneration package of the Executive Directors and key members of executive management generally comprises two components. One component is fixed in the form of a base salary, car allowance and handphone allowance. The other component is variable consisting of incentive bonuses.

The incentive bonuses are dependent on the financial performance of the Group as the RC strongly supports and endorses the flexible wage system which gives the Group more flexibility to ride through economic downturns. The RC has adopted set profitability levels to be achieved before incentive bonuses are payable.

The Independent Directors are paid Directors' fees for their efforts and time spent, responsibilities and contributions to the Board, subject to the approval by shareholders at the Annual General Meeting.

There are no termination or retirement benefits that are granted to the Directors. The Company has contractual provisions to allow the Company to reclaim performance-based components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of restatement of financial results. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Principle 9: Disclosure on Remuneration

The level and mix of remuneration (in percentage terms) of the Directors for FY2015 is as follows:

DIRECTORS' REMUNERATION FOR FY2015

Name	Remuneration ($'000)	Fee	Salary	Bonus	Allowance	Total
Chang Yeh Hong	875	–	43%	53%	4%	100%
Dorcas Teo Ling Ling	461	–	42%	51%	7%	100%
Eric Lin Choon Hin	437	–	39%	54%	7%	100%
Juliana Lee	45	*100%	–	–	–	100%
Ong Hua	45	*100%	–	–	–	100%
Hew Koon Chan	47	*100%	–	–	–	100%

* These fees have been approved by the shareholders at the AGM on 29 April 2015.

No option has been granted to the above Directors.

CORPORATE GOVERNANCE REPORT

The breakdown of remuneration of the Group's top five key executives (who are not Directors) in percentage terms for FY2015 is as follows:

Remuneration of Key Executives for FY2015

Total remuneration paid to the top 5 key management personnel (who are not directors) for the year ended 31 December 2015 was $753,000. The breakdown in percentage terms are set out below:

Name	Salary	Bonus	Allowance	Total
Up to $250,000				
Rodney Koh Wei Ming	71%	–	29%	100%
Samantha Lim Bee Hong	69%	10%	21%	100%
Anbalagan Rajagopal*	63%	25%	12%	100%
Chou Chee Fatt	85%	14%	1%	100%
Jeanette Lee Mei Hue	78%	11%	11%	100%

* Remuneration calculated from date of appointment on 2 June 2015.

In considering the disclosure of remuneration of key executives, the Board has regarded the industry conditions in which the Group operates as well as the confidential nature of such remuneration. The Board believes that full detailed disclosure of the remuneration of each key executive as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Board has instead presented such information in remuneration bands.

No option has been granted to the above key executives.

Remuneration of Employee who are immediate family members of a Director

Name	Related To	Remuneration
Bong Boon Hean	Cousin of Dorcas Teo Ling Ling, our Director	Below $150,000

Save as disclosed above, there is no other employee who is related to a Director, the CEO or substantial shareholder and whose remuneration exceeded $50,000 during FY2015.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

The Board reviews and approves the results as well as any announcements before its release. In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of Group's performance, position and prospects. This responsibility is extended to regulators.

Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET.

CORPORATE GOVERNANCE REPORT

The Board also reviews legislation and regulatory compliance with management to ensure that the Group complies with the relevant regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Risk Management and Internal Controls

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' interests and maintain accountability of its assets. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate.

Management has established the Group's risk profile which identifies the material risks faced by the Group and the counter measures that are in place to manage or mitigate those risks. The Group's risk profile is reviewed by the AC and the Board annually to ensure regular assessment and update of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanism in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

The internal auditors carried out internal audit on the system of internal controls and reported their findings to the AC. The external auditors have also carried out, in the course of their statutory audit, an understanding of the key internal controls assessed to be relevant to the audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Group follows up on the auditors' recommendations raised during the audit process.

Based on the reports submitted by the external and internal auditors, the actions taken by the Group on the recommendations made by the external and internal auditors, the various management controls put in place and the continuing efforts at enhancing such controls, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls systems addressing financial, operational, compliance and information technology risks, were adequate in meeting the needs of the Group in its current business environment as at 31 December 2015.

The Board and the AC have also received assurances from the Chairman and the Group Financial Controller that the Group's internal control systems in place is adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

CORPORATE GOVERNANCE REPORT

Principle 12: Audit Committee

The AC comprises three (3) members, all of whom including the Chairman are independent.

Chairman:	Hew Koon Chan	(Independent Director)
Members:	Lee Kim Lian, Juliana	(Independent Director)
	Ong Hua	(Independent Director)

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly.

The terms of reference of the AC are as follows:–

- Review the audit plans of the external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;
- Review the annual, periodic consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and compliance with financial reporting standards before submission to the Board for approval;
- Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators or the Listing Manual, as may be made thereto from time to time;
- Review the assistance given by the Company's officers to the external and internal auditors;
- Nominate the appointment, re-appointment and removal of external auditors including approval of remuneration and terms of engagement;
- Review interested person transactions in accordance with the requirements of the listing rules of the Singapore Exchange Securities Trading Limited;
- Review any potential conflicts of interest;
- Review the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC for independent investigation and follow up actions;

CORPORATE GOVERNANCE REPORT

- Undertake such other reviews and projects as may be requested by the Board and report findings to the Board;
- Review the nature and extent of non-audit services provided by the external auditors;
- Review with the management and the internal auditor the adequacy of the Company's internal controls in respect of management, business and services systems and practices;
- Review and approve foreign exchange hedging policies implemented by the Group;
- Review and discuss with auditors any suspected fraud or irregularity or failure of internal controls or infringement of any laws, rules or regulation;
- Undertake such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

Summary of the Audit Committee's Activities

The AC met four (4) times during the year under review. Details of members and their attendance at meetings are provided in page 22. The Group Financial Controller, internal auditors and external auditors are invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and has had the full cooperation of the management and employees. It also has the full discretion to invite any Director or any member of the management to attend its meetings.

During FY2015, the AC has met the external auditors and internal auditors, without the presence of the Company's management, at least once a year. This meeting enabled the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

The AC has reviewed the amount of non audit related services rendered to the Group by the external auditors, RSM Chio Lim LLP. During the year 2015, the fees paid to RSM Chio Lim LLP for non-audit related services amounted to $26,460 or 17.2% of the audit fee. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC has recommended their nomination for re-appointment as external auditors of the Company to the Board.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

The Company has put in place a whistle-blowing framework ("Speaking Up Policy"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

CORPORATE GOVERNANCE REPORT

Details of the Speaking Up Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to appropriate external advice where necessary.

There were no reported incidents pertaining to the Speaking Up Policy during FY2015.

Principle 13: Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditors ("IA"). The internal audit function of the Company is out-sourced to KPMG Services Pte Ltd ("KPMG"). The IA report primarily to the Chairman of the AC and has full access to the documents, records properties and personnel of the Group.

In accordance with FY2015 Internal Audit Plan, KPMG carried out audits on Multiheight Scaffolding Pte Ltd and Austin Energy (Asia) Pte Ltd. Findings and recommendations raised during these audits have been rectified or accepted by the Company.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard Shareholders' interests and the Group's businesses and assets while the management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC, to conduct regular audits of high risk areas and to report their findings to the AC for review by both the AC and the Board.

Following the review of the internal auditors' internal audit plan and its evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced.

SHAREHOLDER RIGTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in our Company.

Shareholders are given opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated through Annual Report or Circular to Shareholders.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency through timely communication of information to shareholders and the public. It is the Company's policy that all shareholders and the public be informed of all major developments that impact the Group on a timely basis. Communication is made through:

- Annual reports that are issued to all shareholders, soft copies of which may be accessed through the SGX-ST website;
- Announcement of quarter, half-year and full-year results on the Singapore Exchange Securities Trading Limited's SGXNET;
- Disclosure on the SGXNET; and
- Press releases on major developments of the Company.

Principle 16: Conduct of Shareholder Meetings

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.

If shareholders are unable to attend the meetings, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

The Board takes note that there should be separate resolution at general meetings on each substantially separate issue and supports the Code's principle as regards to "bundling" of resolutions.

Resolutions are as far as possible, structured separately and are voted on independently.

All Directors including Chairpersons of the Board, AC, RC and NC and senior management are in attendance at the Annual General Meetings ("AGMs") and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or management questions regarding the Company. The external auditors are also invited to attend the AGMs and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit the preparation and contents of the auditors' report.

The minutes of general meetings which include queries from Shareholders and responses from the Board will be made available to Shareholders upon written request.

The Company will be conducting its voting at the forthcoming Annual General Meeting by poll where shareholders are accorded voting rights proportionate to their shareholdings and all votes will be counted.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length basis.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual. For the financial year under review, there have been interested person transactions but these are below $100,000 in aggregate.

SECURITIES TRANSACTION

The Company has issued a policy on dealings in the securities of the Company to its Directors and key employees (including employees with access to price-sensitive information to the Company's shares), setting out the implications of insider trading and guidance on such dealings.

The Company's officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's full-year results and ending on the date of the announcement of the relevant results.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director or controlling shareholder in FY2015.

STATEMENT BY DIRECTORS

The Directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2015.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the accompanying financial statements and consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

2. Directors in office at date of statement

The Directors of the Company in office at the date of this statement are:

Executive Directors:
Chang Yeh Hong
Teo Ling Ling
Lin Choon Hin

Independent Directors:
Lee Kim Lian Juliana
Ong Hua
Hew Koon Chan

3. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of Directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interests are held	Direct At beginning of the reporting year	Direct At end of the reporting year	Deemed At beginning of the reporting year	Deemed At end of the reporting year
The Company – Nordic Group Limited	**Number of shares of no par value**			
Chang Yeh Hong	–	4,600,000	205,006,625	205,406,625
Teo Ling Ling	30,000,000	31,640,000	–	–
Lin Choon Hin	43,500,000	44,050,000	–	–

STATEMENT BY DIRECTORS

3. **Directors' interests in shares and debentures** (Continued)

By virtue of section 7 of the Act, the above Directors with interests are deemed to have an interest in the Company and in all the related body corporate of the Company.

The Directors' interests as at 21 January 2016 were the same as these at the ended of the reporting year.

4. **Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures**

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except as mentioned above.

5. **Options**

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. **Independent auditor**

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. **Report of audit committee**

The members of the audit committee at the date of this report are as follows:

Hew Koon Chan	(Chairman of the audit committee and Independent Director)
Lee Kim Lian Juliana	(Independent Director)
Ong Hua	(Independent Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;

- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;

- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;

STATEMENT BY DIRECTORS

7. **Report of audit committee** (Continued)

- Reviewed the financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and

- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

8. **Directors' opinion on the adequacy of internal controls**

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the audit committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2015.

On behalf of the Directors

Chang Yeh Hong
Director

Teo Ling Ling
Director

1 April 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORDIC GROUP LIMITED (REGISTRATION NO: 201007399N)

Report on the financial statements

We have audited the accompanying financial statements of Nordic Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORDIC GROUP LIMITED (REGISTRATION NO: 201007399N)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2016

Partner in charge of audit: Lam Chien Ju
Effective from year ended 31 December 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Revenue	5	**80,491**	72,424
Cost of sales		**(58,050)**	(53,330)
Gross profit		**22,441**	19,094
Interest income	6	**110**	210
Other gains	7	**2,068**	842
Marketing and distribution costs		**(912)**	(856)
Administrative expenses	8	**(10,669)**	(9,339)
Finance costs	9	**(982)**	(573)
Other losses	7	**(112)**	(209)
Profit before tax		**11,944**	9,169
Income tax expense	11	**(1,439)**	(1,303)
Profit, net of tax		**10,505**	7,866
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**40**	175
Other comprehensive income for the year, net of tax		**40**	175
Total comprehensive income		**10,545**	8,041
Profit attributable to owners of the parent, net of tax		**10,512**	7,854
Profit attributable to non-controlling interests, net of tax		**(7)**	12
Profit, net of tax		**10,505**	7,866
Total comprehensive income attributable to owners of the parent		**10,552**	8,029
Total comprehensive income attributable to non-controlling interests		**(7)**	12
Total comprehensive income		**10,545**	8,041
Earnings per share			
Earnings per share currency unit		**Cents**	Cents
Basic	12	**2.6**	2.0
Diluted	12	**2.6**	2.0

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**18,544**	13,421	**–**	–
Investments in subsidiaries	15	**–**	–	**1,350**	1,350
Intangible assets	16	**–**	190	**–**	–
Goodwill	17	**22,451**	12,292	**–**	–
Total non-current assets		**40,995**	25,903	**1,350**	1,350
Current assets					
Inventories	18	**8,988**	7,315	**–**	–
Trade and other receivables	19	**25,889**	23,925	**14,910**	14,951
Other assets	20	**1,012**	568	**–**	2
Cash and cash equivalents	21	**35,566**	32,799	**11,230**	13,057
Total current assets		**71,455**	64,607	**26,140**	28,010
Total assets		**112,450**	90,510	**27,490**	29,360
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	**22,439**	22,439	**22,439**	22,439
Treasury shares	22	**(856)**	–	**(856)**	–
Retained earnings		**37,065**	30,153	**4,688**	3,889
Other reserves	23	**667**	627	**–**	–
Equity, attributable to owners of the parent		**59,315**	53,219	**26,271**	26,328
Non-controlling interests		**65**	72	**–**	–
Total equity		**59,380**	53,291	**26,271**	26,328
Non-current liabilities					
Deferred tax liabilities	11	**958**	200	**–**	–
Other financial liabilities	25	**11,171**	3,110	**–**	–
Total non-current liabilities		**12,129**	3,310	**–**	–
Current liabilities					
Income tax payable		**1,501**	1,220	**6**	7
Trade and other payables	24	**17,321**	10,479	**1,213**	3,025
Other financial liabilities	25	**20,984**	22,210	**–**	–
Other liabilities	26	**1,135**	–	**–**	–
Total current liabilities		**40,941**	33,909	**1,219**	3,032
Total liabilities		**53,070**	37,219	**1,219**	3,032
Total equity and liabilities		**112,450**	90,510	**27,490**	29,360

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Non-controlling interests $'000
Group								
Current year:								
Opening balance at 1 January 2015	**53,291**	**53,219**	**22,439**	**–**	**30,153**	**392**	**235**	**72**
Movements in equity:								
Total comprehensive income for the year	**10,545**	**10,552**	**–**	**–**	**10,512**	**40**	**–**	**(7)**
Dividends paid (Note 13)	**(3,600)**	**(3,600)**	**–**	**–**	**(3,600)**	**–**	**–**	**–**
Purchase of treasury shares (Note 22)	**(856)**	**(856)**	**–**	**(856)**	**–**	**–**	**–**	**–**
Closing balance at 31 December 2015	**59,380**	**59,315**	**22,439**	**(856)**	**37,065**	**432**	**235**	**65**
Previous year:								
Opening balance at 1 January 2014	46,190	46,190	22,439	–	23,338	217	196	–
Movements in equity:								
Total comprehensive income for the year	8,041	8,029	–	–	7,854	175	–	12
Contribution to subsidiary (Note 15)	60	–	–	–	–	–	–	60
Transfer to statutory reserve (Note 23)	–	–	–	–	(39)	–	39	–
Dividends paid (Note 13)	(1,000)	(1,000)	–	–	(1,000)	–	–	–
Closing balance at 31 December 2014	53,291	53,219	22,439	–	30,153	392	235	72

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Company				
Current year:				
Opening balance at 1 January 2015	**26,328**	**22,439**	**–**	**3,889**
Movements in equity:				
Total comprehensive income for the year	**4,399**	**–**	**–**	**4,399**
Dividends paid (Note 13)	**(3,600)**	**–**	**–**	**(3,600)**
Purchase of treasury share (Note 22)	**(856)**	**–**	**(856)**	**–**
Closing balance at 31 December 2015	**26,271**	**22,439**	**(856)**	**4,688**
Previous year:				
Opening balance at 1 January 2014	24,845	22,439	–	2,406
Movements in equity:				
Total comprehensive income for the year	2,483	–	–	2,483
Dividends paid (Note 13)	(1,000)	–	–	(1,000)
Closing balance at 31 December 2014	26,328	22,439	–	3,889

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	2015 $'000	2014 $'000
Cash flows from operating activities		
Profit before tax	**11,944**	9,169
Adjustments for:		
Interest expense	**982**	573
Interest income	**(110)**	(210)
Dividend income	**–**	(150)
Gain on disposal of property, plant and equipment	**(495)**	(1)
Loss on disposal of subsidiary	**–**	43
Loss on disposal of financial assets	**–**	(49)
Depreciation of property, plant and equipment	**3,096**	2,583
Amortisation of intangible assets	**284**	380
Foreign exchange adjustment unrealised gains	**(171)**	(175)
Operating cash flows before changes in working capital	**15,530**	12,163
Inventories	**(1,272)**	596
Trade and other receivables	**891**	3,852
Other assets	**43**	748
Trade and other payables	**(4,963)**	732
Other liabilities	**1,135**	–
Net cash flows from operations	**11,364**	18,091
Income taxes paid	**(2,116)**	(1,047)
Net cash flows from operating activities	**9,248**	17,044
Cash flows from investing activities		
Acquisition of subsidiaries (net of cash acquired) (Note 27)	**(7,460)**	–
Purchase of property, plant and equipment (Note 21A)	**(3,015)**	(1,678)
Disposal of property, plant and equipment	**2,290**	1
Interest received	**110**	210
Dividend received	**–**	150
Net cash flows used in investing activities	**(8,075)**	(1,317)
Cash flows from financing activities		
Decrease in other financial liabilities	**(13,318)**	(6,977)
Purchase of treasury shares	**(856)**	–
Increase in borrowings	**20,239**	10,614
Finance leases repayments	**(86)**	(42)
Interest paid	**(982)**	(573)
Dividends paid to equity owners	**(3,600)**	(1,000)
Net cash flows from financing activities	**1,397**	2,022
Net increase in cash and cash equivalents	**2,570**	17,749
Effects of exchange rate changes on the balance of cash held in foreign currencies	**197**	198
Cash and cash equivalents, statement of cash flows, beginning balance	**32,799**	14,852
Cash and cash equivalents, statement of cash flows, ending balance (Note 21)	**35,566**	32,799

The accompanying notes form an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2015

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The principal activities of the Company are those of an investment holding Company and providing management and administrative support to its subsidiaries. It is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: No. 5 Kwong Min Road, Singapore 628708. The Company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

1. **General** (Continued)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. **Significant accounting policies and other explanatory information**

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting year measured by the proportion of the cost incurred to date bears to the estimated total cost of the transaction and the amount of revenue, stage of completion, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Interest income or expense is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Construction contracts – revenues and results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting year using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed by the customer. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular contract. Recognised revenues and profits are subject to revisions during the contract in the event that the assumptions regarding the overall contract outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress contracts have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

When the outcome of a construction contract cannot be estimated reliably: (a) revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and (b) contract costs are recognised as an expense in the period in which they are incurred.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	–	4% to 9%
Plant and equipment	–	9% to 33.3%
Renovations	–	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives of customer contracts are 4 years.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method and first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Financial assets (Continued)

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2A. Significant accounting policies (Continued)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the Directors.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

2. Significant accounting policies and other explanatory information (Continued)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

Revenue recognition:

On construction contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at end of the reporting year date by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

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2. Significant accounting policies and other explanatory information (Continued)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is $9,293,000 (2014: $7,992,000).

Assessment of impairment of goodwill and intangible assets:

The amounts of goodwill and intangible assets are tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 17, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill and intangible assets balances in the future. Actual outcomes could vary from these estimates.

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3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Chang Yeh Hong, a Director and significant shareholder.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. The transactions were not significant.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3B. Key management compensation:

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and other short-term employee benefits	**2,443**	1,989

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015	**2014**
	$'000	**$'000**
Remuneration of Directors of the Company	**1,773**	1,534
Fees to Directors of the Company	**137**	113

Further information about the remuneration of individual Directors is provided in the report on corporate governance.

Key management personnel include the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

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FINANCIAL STATEMENTS

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3. Related party relationships and transactions (Continued)

3C. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Related parties	
	2015	**2014**
	$'000	**$'000**
Group		
Other receivables:		
Balance at beginning of the year	**1,200**	1,200
Written off	**(1,200)**	–
Balance at end of the year	**–**	1,200

	Subsidiaries	
	2015	**2014**
	$'000	**$'000**
Company		
Other receivables (other payables):		
Balance at beginning of the year – net debit	**12,889**	10,683
Amounts paid out and settlement of liabilities on behalf of another party	**2,021**	2,206
Balance at end of the year – net debit	**14,910**	12,889

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) Project services, (2) Maintenance services, and (3) Others. The results of all other activities, mainly investment holding which is not included within the two primary segments, are included in the "Other" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

In the previous reporting year, the reporting entity was organised into four major strategic operating segments that offered different products and services: (1) System Integration, (2) Maintenance, Repair and Overhaul ("MRO") and Trading, (3) Precision Engineering, and (4) Scaffolding Services. The results of all other activities, mainly investment holding which was not included within the four primary segments, are included in the "other" segment. During the reporting year, the reporting entity revised its operating segments due to the acquisition of Austin Energy (Asia) Pte Ltd and its subsidiary. The revised operating segments is aligned to the corporate strategy going forward.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. Financial information by operating segments (Continued)

4B. Profit or loss and reconciliations

The segments and the type of products and services are as follows:

(1) The Project services segment includes projects that requires engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services.

(2) The Maintenance services segment includes maintenance and repair services, including trading and supply of material, spare parts and components.

(3) The Others segment relates to other revenue streams, including dividends from investment holding.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is the earnings from operations before depreciation and amortisation, interest and income taxes (called "EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

	Project services $'000	Maintenance services $'000	Others $'000	Elimination $'000	Group $'000
2015					
Revenue by segment					
Total revenue	58,844	21,647	2,544	(2,544)	80,491
Less: Inter-segment sales	–	–	(2,544)	2,544	–
External revenue	58,844	21,647	–	–	80,491
EBITDA	10,186	5,889	(2,423)	2,544	16,196
Less: Inter-segment expenses	1,829	715	–	(2,544)	–
Adjusted EBITDA	12,015	6,604	(2,423)	–	16,196
Finance costs	(754)	(228)	–	–	(982)
Depreciation and amortisation	(2,370)	(1,010)	–	–	(3,380)
Income tax expenses	(1,057)	(382)	–	–	(1,439)
	7,834	4,984	(2,423)	–	10,395
Unallocated:					
Interest income					110
Profit, net of tax					10,505

NOTES TO THE FINANCIAL STATEMENTS

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4. **Financial information by operating segments** (Continued)

4B. **Profit or loss and reconciliations** (Continued)

	Project services $'000	Maintenance services $'000	Others $'000	Elimination $'000	Group $'000
2014					
Revenue by segment					
Total revenue	57,422	14,852	2,549	(2,399)	72,424
Less: Inter-segment sales	–	–	(2,399)	2,399	–
External revenue	57,422	14,852	150	–	72,424
EBITDA	8,384	3,830	(2,118)	2,399	12,495
Less: Inter-segment expenses	1,860	539	–	(2,399)	–
Adjusted EBITDA	10,244	4,369	(2,118)	–	12,495
Finance costs	(403)	(170)	–	–	(573)
Depreciation and amortisation	(2,230)	(733)	–	–	(2,963)
Income tax expenses	(865)	(438)	–	–	(1,303)
	6,746	3,028	(2,118)	–	7,656
Unallocated:					
Interest income					210
Profit, net of tax					7,866

4C. **Assets and reconciliations**

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
2015				
Reportable segment assets	6,812	2,567	–	9,379
Unallocated:				
Cash and cash equivalents				35,566
Inventories				8,988
Trade and other receivables, prepayments and deposits				17,522
Property, plant and equipment				18,544
Other non-current assets				22,451
Total group assets				112,450

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

4. **Financial information by operating segments** (Continued)

4C. **Assets and reconciliations** (Continued)

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
2014				
Reportable segment assets	8,880	1,629	–	10,509
Unallocated:				
Cash and cash equivalents				32,799
Inventories				7,315
Trade and other receivables, prepayments and deposits				13,984
Property, plant and equipment				13,421
Other non-current assets				12,482
Total group assets				90,510

4D. **Liabilities and reconciliations**

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
2015				
Reportable segment liabilities	**1,010**	**276**	**–**	**1,286**
Unallocated:				
Trade and other payables				**17,170**
Other financial liabilities				**32,155**
Income tax payable and deferred tax liabilities				**2,459**
Total group liabilities				**53,070**
2014				
Reportable segment liabilities	–	–	–	–
Unallocated:				
Trade and other payables				10,479
Other financial liabilities				25,320
Income tax payable and deferred tax liabilities				1,420
Total group liabilities				37,219

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4. Financial information by operating segments (Continued)

4E. Geographical information

	Revenue		Non-current assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
China	**28,865**	49,080	**5,585**	6,286
Singapore	**59,949**	37,739	**35,410**	19,617
Others	**9,572**	6,163	**–**	–
Elimination	**(17,895)**	(20,558)	**–**	–
	80,491	72,424	**40,995**	25,903

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4F. Other material items and reconciliations

Expenditures for non-current assets of $3,254,000 (2014: $1,894,000) are recognised in respect of property, plant and equipment. Segment information is not available for expenditures for non-current assets as the information is not available and the cost to allocate to the segment would be excessive.

4G. Information about major customers

	Group	
	2015	2014
	$'000	$'000
Top 1 customer	**8,050**	4,303
Top 2 customers	**12,603**	8,468
Top 3 customers	**15,889**	11,450
Top 4 customers	**18,944**	14,188

5. Revenue

	Group	
	2015	2014
	$'000	$'000
Amount recognised from construction contracts	**37,174**	32,119
Rendering of services	**29,455**	26,598
Sales of goods	**13,763**	13,482
Other income	**99**	75
Dividend income from quoted corporation	**–**	150
	80,491	72,424

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6. Interest income

	Group	
	2015	**2014**
	$'000	**$'000**
Interest income from banks	**110**	210

7. Other gains and (other losses)

	Group	
	2015	**2014**
	$'000	**$'000**
Allowance for impairment on trade receivables – reversal (loss)	**118**	(32)
Foreign exchange adjustments gains	**1,041**	560
Gain on disposal of property, plant and equipment	**495**	1
Government grant	**250**	217
Inventories write down reversal (written down)	**27**	(85)
Inventories written off	**(112)**	–
Loss on disposal of subsidiary	**–**	(43)
Loss on disposal of financial assets	**–**	(49)
Others	**137**	64
Net	**1,956**	633
Presented in profit or loss as:		
Other gains	**2,068**	842
Other losses	**(112)**	(209)
Net	**1,956**	633

8. Administrative expenses

The major components include the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Employee benefits expense (Note 10)	**5,916**	6,548
Overseas service centre	**–**	120

9. Finance costs

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense to bank	**982**	573

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10. Employee benefits expense

	Group 2015 $'000	Group 2014 $'000
Short term employee benefits expense	**20,351**	15,585
Contributions to defined contribution plan	**4,345**	3,172
Total employee benefits expense	**24,696**	18,757
Charged to profit or loss included in cost of sales	**18,283**	11,760
Charged to profit or loss included in administrative expenses	**5,916**	6,548
Charged to profit or loss included in marketing and distribution costs	**497**	449
Total employee benefits expense	**24,696**	18,757

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	Group 2015 $'000	Group 2014 $'000
Current tax expense:		
Current tax expense	**1,483**	1,243
(Over) under adjustments in respect of prior periods	**(25)**	140
Subtotal	**1,458**	1,383
Deferred tax income:		
Deferred tax income	**(19)**	(80)
Subtotal	**(19)**	(80)
Total income tax expense	**1,439**	1,303

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax (Continued)

11A. Components of tax expense recognised in profit or loss include: (Continued)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2014: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before tax	**11,944**	9,169
Income tax expense at the above rate	**2,030**	1,559
Expenses not deductible for tax purposes	**289**	478
Not liable to tax	**–**	(141)
Income not subject to tax	**(288)**	(510)
(Over) under adjustments to tax in respect of prior periods	**(25)**	140
Effect of different tax rates in different countries	**(90)**	56
Unrecognised deferred tax assets	**–**	(332)
Unrecognised deferred tax assets recognised this year	**170**	–
Stepped income exemption and tax rebate	**(527)**	(120)
Others	**(120)**	173
Total income tax expense	**1,439**	1,303

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax income recognised in profit or loss includes:

	Group	
	2015	**2014**
	$'000	**$'000**
Excess of book over tax depreciation on plant and equipment	**(68)**	(129)
Excess of tax over book depreciation on intangible assets	**(133)**	50
Provisions	**23**	61
Unutilised merger and acquisition allowances	**80**	–
Tax loss carryforwards	**(91)**	173
Others	**–**	97
Unrecognised deferred tax assets	**–**	(332)
Unrecognised deferred tax assets recognised this year	**170**	–
Total deferred income tax expense recognised in profit or loss	**(19)**	(80)

NOTES TO THE FINANCIAL STATEMENTS

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11. Income tax (Continued)

11C. Deferred tax balance in the statements of financial position:

	Group	
	2015	2014
	$'000	$'000
From deferred tax liabilities recognised in profit or loss:		
Excess of book value of plant and equipment over tax values	**(102)**	(170)
Excess of book value of intangible assets over tax values	**(13)**	(146)
Acquisition of subsidiary	**(777)**	–
Provisions	**(18)**	5
Unutilised merger and acquisition allowances	**–**	80
Tax loss carryforwards	**186**	95
Unrecognised deferred tax assets	**(234)**	(64)
Net balance	**(958)**	(200)

It is impracticable to estimate the amount expected to be settled or used within one year.

Unrecognised deferred tax assets:

For Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

For the People's Republic of China companies, future income tax benefits from tax loss carryforwards and temporary differences from capital allowances amounting to $936,000 (2014: $256,000) can be carried forward for 5 years.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2015	2014
	$'000	$'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	**10,512**	7,854

	'000	'000
Denominators: weighted average number of equity shares		
Basic	**399,205**	400,000
Diluted	**399,205**	400,000

12. Earnings per share (Continued)

The weighted average number of equity shares refers to shares in outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

Both basic and diluted earnings per share are the same as there are no diluted ordinary share equivalents outstanding during the reporting years.

13. Dividends on equity shares

	Group			
	Rate per share – cents			
	2015	2014	2015	2014
			$'000	$'000
Final tax exempt (one-tier) dividend paid	**0.25**	0.25	**1,000**	1,000
Interim tax exempt (one-tier) dividend paid	**0.40**	–	**1,600**	–
Special tax exempt (one-tier) dividend paid	**0.25**	–	**1,000**	–
Total dividends paid in the year	**0.90**	0.25	**3,600**	1,000

In respect of the current reporting year, the Directors propose that a final dividend of 0.65 cents per share with a total of $2,570,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

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14. Property, plant and equipment

	Leasehold properties $'000	Renovations $'000	Plant and equipment $'000	Total $'000
Group				
Cost:				
At 1 January 2014	5,820	1,091	34,107	41,018
Foreign exchange adjustments	–	20	187	207
Additions	–	166	1,728	1,894
Disposals	–	–	(1,498)	(1,498)
At 31 December 2014	5,820	1,277	34,524	41,621
Foreign exchange adjustments	–	–	(170)	(170)
Additions	15	102	3,137	3,254
Arising from acquisition of subsidiary	7,269	91	2,453	9,813
Disposals	(2,013)	–	(5,632)	(7,645)
At 31 December 2015	**11,091**	**1,470**	**34,312**	**46,873**
Accumulated depreciation:				
At 1 January 2014	705	322	25,958	26,985
Foreign exchange adjustments	–	17	113	130
Depreciation for the year	436	188	1,959	2,583
Disposals	–	–	(1,498)	(1,498)
At 31 December 2014	1,141	527	26,532	28,200
Foreign exchange adjustments	–	(3)	58	55
Depreciation for the year	659	221	2,216	3,096
Arising from acquisition of subsidiary	1,169	36	1,623	2,828
Disposals	(440)	–	(5,410)	(5,850)
At 31 December 2015	**2,529**	**781**	**25,019**	**28,329**
Carrying value:				
At 1 January 2014	5,115	769	8,149	14,033
At 31 December 2014	4,679	750	7,992	13,421
At 31 December 2015	**8,562**	**689**	**9,293**	**18,544**

Allocation of the depreciation expense:

	Group	
	2015 $'000	**2014 $'000**
Cost of sales	**1,893**	1,751
Administrative expenses	**1,203**	832
Total	**3,096**	2,583

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14. Property, plant and equipment (Continued)

Certain items are under finance lease agreements (see Note 25A).

Leasehold properties at a carrying value of $8,562,000 (2014: $4,679,000) are mortgaged or pledged as security for the bank facilities (see Note 25B).

In the previous reporting year, the useful lives of certain assets were revised. As a result of this review, the estimated useful lives of certain assets had been revised to "5 years" from "3 to 10 years". The change in estimates reduced the depreciation charge for previous reporting year by $191,000.

15. Investments in subsidiaries

	Company	
	2015	**2014**
	$'000	**$'000**
Movements during the year. At cost:		
Balance at beginning of the year and end of the year	**1,350**	1,350
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	**1,350**	1,350
Net book value of subsidiary in the books of the Company	**54,722**	24,698

The subsidiaries held by the Company and its subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	**Cost in books of Company**		**Effective percentage of equity held by group**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**%**	**%**
Nordic Flow Control Pte. Ltd. (a) Singapore Integration, assembly, trading, importing and exporting of hydraulic systems and marine components	**1,350**	1,350	**100**	100

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15. Investments in subsidiaries (Continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Effective percentage of equity held by group	
	2015 **%**	**2014** **%**
Held by Nordic Flow Control Pte. Ltd.		
Avitools (Suzhou) Co., Ltd (b) The People's Republic of China Engineering works and manufacturing of aircraft components and hydraulic actuators for the marine, oil and gas industry (Suzhou Allpro Certified Public Accountants Co., Ltd.)	**100**	100
Nordic Flow Control (Suzhou) Co., Ltd (b) The People's Republic of China Integration, assembly, trading, importing and exporting of hydraulic systems and marine components (Suzhou Allpro Certified Public Accountants Co., Ltd.)	**100**	100
Multiheight Scaffolding Pte Ltd (a) Singapore Scaffolding works for refinery, marine and construction industries and sales and rental of tubular frames and aluminium scaffolds	**100**	100
Nordic Service Centre Pte Ltd (a) (c) (e) Singapore Service and repair of hydraulic systems	**80**	80
Austin Energy (Asia) Pte Ltd (a) (Acquired on 2 June 2015) Singapore Provision of construction, scaffolding, insulation, painting and fireproofing services	**100**	–
Held by Multiheight Scaffolding Pte Ltd		
Multiheight Marine Pte Ltd (a) Singapore Repairing ships, tankers and other ocean going vessels and providing scaffolding works	**100**	100
Held by Austin Energy (Asia) Pte Ltd		
Austin Energy Offshore Pte Ltd (a) (d) (Acquired on 2 June 2015) (Formerly known as KKH (2003) Engineering Enterprises Pte Ltd) Singapore Building construction specialist (insulation and fireproofing) contractor in process plan construction and general wholesale trade	**100**	–

15. Investments in subsidiaries (Continued)

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) In the previous reporting year, Nordic Service Centre Pte Ltd increased its share capital from $100 to $300,000. Non-controlling interests contributed by way of plant and equipment and offset against amounts payable to non-controlling interests.

(d) Subsequent to the end of the reporting year, KKH (2003) Engineering Enterprises Pte Ltd changed its name to Austin Energy Offshore Pte Ltd.

(e) During the year, 1 share was transferred to a Director and held in trust for the Group.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

16. Intangible assets

	Group	
	2015	**2014**
Customer contracts	**$'000**	**$'000**
Cost:		
At beginning of year	**1,519**	1,519
Additions through business combination (Note 27)	**94**	–
At end of year	**1,613**	1,519
Accumulated amortisation:		
At beginning of year	**1,329**	949
Amortisation for the year	**284**	380
At end of year	**1,613**	1,329
Net book value:		
At 1 January	**190**	570
At 31 December	**–**	190

Allocation of the amortisation expense:

	Group	
	2015	**2014**
	$'000	**$'000**
Administrative expenses	**284**	380

The intangible assets with finite useful lives are amortised.

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17. Goodwill

	Group	
	2015 $'000	2014 $'000
Cost and net book value at beginning of year	**12,292**	12,292
Arising from acquisition of subsidiary (Note 27)	**10,159**	–
Cost and net book value at end of year	**22,451**	12,292

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each subsidiary as follows:

	Group	
	2015 $'000	2014 $'000
Name of subsidiaries:		
Multiheight Scaffolding Pte Ltd	**12,292**	12,292
Austin Energy (Asia) Pte Ltd	**10,159**	–
Net book value at end of the year	**22,451**	12,292

The goodwill was tested for impairment at the end of the reporting year. This impairment test was carried out in relation to the preparation of financial statements as at 31 December 2015. No impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their recoverable amount.

The value in use was measured by management. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	2015	2014
Asset or CGU – Mechanical Valuation technique and Unobservable inputs		
Discounted cash flow method:		
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.		
Multiheight Scaffolding Pte Ltd	**13.6%**	15.8%
Austin Energy (Asia) Pte Ltd	**14.5%**	–
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	**5 years**	5 years
3. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	**0%**	0%

Actual outcomes could vary from these estimates. If the estimated gross margin at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by $10,622,000 (2014: $4,801,000). If the estimated pre-tax discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by $7,722,000 (2014: $3,348,000). However, the recoverable amount is still higher than the carrying amount of the goodwill.

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18. Inventories

	Group	
	2015	2014
	$'000	$'000
Raw material, consumables and supplies	**8,988**	7,315
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	**239**	321
(Reversal) charge to profit or loss included in other (gains) losses	**(27)**	85
Charge to profit or loss included in cost of sales	**586**	–
Amount written off	**(12)**	(172)
Foreign exchange adjustments	**(8)**	5
Balance at end of the year	**778**	239
Raw materials, consumables and supplies used	**29,018**	28,038

There are no inventories pledged as security on liabilities.

18A. Construction contracts in progress

	Group	
	2015	2014
	$'000	$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts	**11,266**	13,303
Less progress payments received and receivable to date	**(8,050)**	(6,904)
Net amount arising from construction contracts at end of the year	**3,216**	6,399
Included in the accompanying statements of financial position as follows:		
Under trade receivables (Note 19)	**4,351**	6,399
Under other liabilities (Note 26)	**(1,135)**	–
	3,216	6,399
Amount of contract retention receivables as an asset under trade receivables (Note 19)	**250**	25
Unbilled contract revenue as an asset under trade receivables (Note 19)	**1,324**	4,205

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19. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	**15,729**	12,691	**–**	–
Less allowance for impairment	**(236)**	(381)	**–**	–
Receivables from customers on construction contracts (Note 18A)	**4,351**	6,399	**–**	–
Retention receivables on construction contracts (Note 18A)	**250**	–	**–**	–
Unbilled contract revenue (Note 18A)	**1,324**	4,205	**–**	–
Unbilled service revenue	**3,668**	–	**–**	–
Net trade receivables – subtotal	**25,086**	22,914	**–**	–
Other receivables:				
Subsidiaries (Note 3)	**–**	–	**14,910**	14,951
Related parties (Note 3)	**–**	1,200	**–**	–
Less allowance for impairment	**–**	(1,200)	**–**	–
Deposit to secure services	**600**	634	**–**	–
Other receivables	**203**	377	**–**	–
Net other receivables – subtotal	**803**	1,011	**14,910**	14,951
Total trade and other receivables	**25,889**	23,925	**14,910**	14,951
Movements in above allowance:				
Balance at beginning of the year	**1,581**	1,549	**–**	–
(Reversed) charge for trade receivables to profit or loss included in other (gains) losses	**(118)**	32	**–**	–
Bad debts written off	**(1,227)**	–	**–**	–
Balance at end of the year	**236**	1,581	**–**	–

20. Other assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Prepayments	**822**	136	**–**	2
Deposits to secure services	**190**	432	**–**	–
	1,012	568	**–**	2

21. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not restricted in use	**35,566**	32,799	**11,230**	13,057

The interest earning balances are not significant.

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21. Cash and cash equivalents (Continued)

21A. Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of $239,000 (2014: $186,000) acquired by means of finance leases.

22. Share capital

	Number of shares issued '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company				
Ordinary shares of no par value:				
Balance at beginning of the year 1 January 2014 and end of the year 31 December 2014	400,000	22,439	–	22,439
Treasury shares purchased #a	(4,669)	–	(856)	(856)
Balance at end of the year 31 December 2015	**395,331**	**22,439**	**(856)**	**21,583**

The ordinary shares of no par value which are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

#a. Pursuant to the share purchase mandate approved at the extraordinary general meeting on 29 April 2015, the Company acquired 4,669,200 ordinary shares on the Singapore Stock Exchange and held as treasury shares during the reporting year.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

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FINANCIAL STATEMENTS

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22. Share capital (Continued)

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2015	**2014**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings including finance leases	**32,155**	25,320
Less cash and cash equivalents	**(35,566)**	(32,799)
Net debt	**(3,411)**	(7,479)
Adjusted capital	**59,380**	53,291
Debt-to-adjusted capital ratio	**N.M**	N.M.

N.M. – Not meaningful

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

23. Other reserves

	Group	
	2015	**2014**
	$'000	**$'000**
Foreign currency translation reserve (Note 23A)	**432**	392
Statutory reserve (Note 23B)	**235**	235
Total at the end of the year	**667**	627

All the reserves classified on the face of the statements of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

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23. Other reserves (Continued)

23A. Foreign currency translation reserve

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of the year	**392**	217
Exchange differences on translating foreign operations	**40**	175
At end of the year	**432**	392

23B. Statutory reserve

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of the year	**235**	196
Transferred from retained earnings	**–**	39
At end of the year	**235**	235

The subsidiaries in China are required by local regulation to appropriate 10% of the profits each year to a non-distributable statutory reserve. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The use of the funds in the non-distributable statutory reserve is subject to approval by the relevant authorities in China.

24. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Outside parties	**8,410**	8,688	**1,213**	963
Accrued liabilities	**3,127**	1,340	**–**	–
Trade payable – subtotal	**11,537**	10,028	**1,213**	963
Other payables:				
Subsidiaries (Note 3)	**–**	–	**–**	2,062
Other payables#a	**5,488**	13	**–**	–
Staff salaries withheld	**296**	438	**–**	–
Other payable – subtotal	**5,784**	451	**–**	2,062
Total trade and other payables	**17,321**	10,479	**1,213**	3,025

#a. Included in other payables is an amount payable to the vendor for the acquisition of subsidiaries of $5,441,000 as at 31 December.

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25. Other financial liabilities

	Group	
	2015	2014
	$'000	$'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 25B)	**10,625**	1,637
Bank loans (unsecured) (Note 25C)	**250**	1,294
Financial instruments with fixed interest rates:		
Finance leases (Note 25A)	**296**	179
Total non-current portion	**11,171**	3,110
Current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 25B)	**4,128**	378
Bank loans (unsecured) (Note 25C)	**13,582**	14,372
Bill payables to banks (unsecured) (Note 25C)	**3,179**	7,401
Financial instruments with fixed interest rates:		
Finance leases (Note 25A)	**95**	59
Total current portion	**20,984**	22,210
Total non-current and current	**32,155**	25,320

The non-current portion is repayable as follows:

Due within 2 to 5 years	**11,153**	3,066
After 5 years	**18**	44
Total non-current portion	**11,171**	3,110

The range of floating interest rates paid was as follows:

	Group	
	2015	2014
Bank loans and bills payable	**1.8% to 3.4%**	1.5% to 2.9%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

25. Other financial liabilities (Continued)

The range of fixed interest rates paid was as follows:

	Group 2015	Group 2014
Finance leases	**2.0% to 3.5%**	1.5% to 2.9%

25A. Finance leases

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2015			
Minimum lease payments payable:			
Due within one year	**104**	**(9)**	**95**
Due within 2 to 5 years	**310**	**(32)**	**278**
Due after 5 years	**21**	**(3)**	**18**
Total	**435**	**(44)**	**391**
Net book value of plant and equipment under finance leases			**360**

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2014			
Minimum lease payments payable:			
Due within one year	66	(7)	59
Due within 2 to 5 years	152	(16)	136
Due after 5 years	49	(6)	43
Total	267	(29)	238
Net book value of plant and equipment under finance leases			221

It is a policy to lease certain of its plant and equipment under finance leases. The lease terms are 4 to 6 years (2014: 4 to 6 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

25. Other financial liabilities (Continued)

25B. Bank loans (secured)

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the Company.

2. Legal mortgage over the leasehold properties (Note 14).

3. Need to comply with certain financial covenants.

4. Secured bank loans comprise of:

    a. Loan repayable in 84 monthly instalments of $37,138 from 3 December 2012.

    b. Loan repayable in 16 quarterly instalments of $937,500 over 4 years from September 2015.

25C. Bank loans and bills payable (unsecured)

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the Company.

2. Need to comply with certain financial covenants.

3. Unsecured bank loans comprise of:

    a. Long term loan repayable in 48 monthly instalments of $12,000 from 25 November 2011. The loan had been fully repaid during the year.

    b. Long term loan repayable in 25 monthly instalments of $296,000 from 1 March 2014 and one final payment of $152,000 in March 2016.

    c. Long term loan repayable in 4 semi-annual instalments of $150,000 from 1 November 2014 and 4 quarterly instalments of $100,000 thereafter.

    d. Short term borrowings (bills payables and money market loans) with an average maturity period of 3 months. These short term borrowings are settled at the end of maturity period.

26. Other liabilities

	Group	
	2015	**2014**
	$'000	**$'000**
Due to customers on construction contracts (Note 18A)	**1,135**	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

27. Acquisition of subsidiaries

On 2 June 2015 the Group acquired 100% of the share capital in Austin Energy (Asia) Pte Ltd (incorporated in Singapore) and its subsidiary (collectively known as "AE Group") and from that date the Group gained control (see Note 15 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows:

	2015 $'000
Consideration transferred:	
Cash paid	20,306
Deferred consideration payable #a	5,441
Total consideration	25,747

#a. The deferred consideration is $5,500,000 (undiscounted) and is payable within 12 months from 2 June 2015. The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date.

The fair values of identifiable assets acquired and liabilities assumed shown below for AE Group are provisional as the hindsight period (of not more than twelve months) allowed by FRS 103 Business Combinations has not yet expired.

	Pre-acquisition book value under FRS $'000	Provisional fair value $'000
2015: AE Group		
Property, plant and equipment	2,507	6,985
Inventories	400	400
Trade and other receivables	2,855	2,855
Other assets	487	487
Cash and cash equivalents	7,540	7,540
Trade and other payables	(1,058)	(1,058)
Income tax payables	(938)	(938)
Deferred tax liabilities	–	(777)
Net identifiable assets	11,793	15,494
Intangible arising on consolidation	–	94
Net assets	11,793	15,588

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FINANCIAL STATEMENTS

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27. Acquisition of subsidiaries (Continued)

The goodwill arising on acquisition is as follows:

	2015 $'000
Consideration transferred	25,747
Fair value of net assets acquired	(15,588)
Goodwill arising on acquisition (Note 17)	10,159

The assembled workforce, high existing profitability and the synergies that the Group will obtain all contributed to the amount paid for goodwill. Those assets do not meet the recognition criteria prescribed by FRS 103 and therefore have not been recognised as separate intangible assets, but subsumed in goodwill.

The goodwill is not deductible for tax purposes.

The net cash outflow on acquisition is as follows:

	2015 $'000
Purchase consideration	25,747
Amount payable to vendor	(10,747)
Less cash taken over	(7,540)
Net cash outflow on acquisition	7,460

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2015 $'000	For the reporting year 2015 $'000
Revenue	9,269	13,506
Profit before income tax	2,189	2,246

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28. Financial instruments: information on financial risks

28A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash and cash equivalents	**35,566**	32,799	**11,230**	13,057
Loans and receivables	**25,889**	23,925	**14,910**	14,951
At end of the year	**61,456**	56,724	**26,140**	28,008
Financial liabilities:				
Trade and other payables measured at amortised cost	**17,321**	10,479	**1,213**	3,025
Other financial liabilities measured at amortised cost	**32,155**	25,320	**–**	–
At end of the year	**49,476**	35,799	**1,213**	3,025

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

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28. Financial instruments: information on financial risks (Continued)

28C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and debtors.

Note 21 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 – 90 days (2014: 30 – 90 days). But some customers take a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

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28. Financial instruments: information on financial risks (Continued)

28D. Credit risk on financial assets (Continued)

a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	**1,925**	5,647
31 – 60 days	**1,722**	2,967
61 – 90 days	**1,700**	381
91 – 180 days	**160**	380
Over 180 days	**49**	490
	5,556	9,865

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
Over 180 days	**236**	381

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $236,000 (2014: $381,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2015	**2014**
	$'000	**$'000**
Top 1 customer	**1,361**	1,187
Top 2 customers	**2,392**	1,997
Top 3 customers	**3,227**	2,580

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28. Financial instruments: information on financial risks (Continued)

28E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2015:				
Gross borrowings commitments	**21,401**	**11,285**	**–**	**32,686**
Gross finance lease obligations	**104**	**310**	**21**	**435**
Trade and other payables	**18,456**	**–**	**–**	**18,456**
At end of the year	**39,961**	**11,595**	**21**	**51,577**
2014:				
Gross borrowings commitments	22,303	3,057	–	25,360
Gross finance lease obligations	66	152	49	267
Trade and other payables	10,479	–	–	10,479
At end of the year	32,848	3,209	49	36,106

Company	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2015:				
Trade and other payables	**1,213**	**–**	**–**	**1,213**
Financial guarantee contracts	**21,401**	**11,285**	**–**	**32,686**
At end of the year	**22,614**	**11,285**	**–**	**33,899**
2014:				
Trade and other payables	3,025	–	–	3,025
Financial guarantee contracts	22,303	3,057	–	25,360
At end of the year	25,328	3,057	–	28,385

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks (Continued)

28E. Liquidity risk – financial liabilities maturity analysis (Continued)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2014: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Banking facilities:

	Group	
	2015	**2014**
	$'000	**$'000**
Undrawn borrowings facilities	**31,215**	21,846

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

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FINANCIAL STATEMENTS

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28. Financial instruments: information on financial risks (Continued)

28F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2015	**2014**
	$'000	**$'000**
Financial liabilities with interest:		
Fixed rates	**391**	238
Floating rates	**31,764**	25,082
Total at end of the year	**32,155**	25,320

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2015	**2014**
	$'000	**$'000**
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an decrease in pre-tax profit for the year by	**(318)**	(251)

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

28. Financial instruments: information on financial risks (Continued)

28G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

Group 2015	United States Dollar $'000	Euro $'000	Total $'000
Financial assets:			
Cash	**10,865**	**70**	**10,935**
Loans and receivables	**4,781**	**–**	**4,781**
Total financial assets	**15,646**	**70**	**15,716**
Financial liabilities:			
Borrowings	**(1,464)**	**(94)**	**(1,558)**
Trade and other payables	**(1,404)**	**(127)**	**(1,531)**
Total financial liabilities	**(2,868)**	**(221)**	**(3,089)**
Net financial assets (liabilities) at end of the year	**12,778**	**(151)**	**12,627**

Group 2014	United States Dollar $'000	Euro $'000	Total $'000
Financial assets:			
Cash	7,911	77	7,988
Loans and receivables	4,056	76	4,132
Total financial assets	11,967	153	12,120
Financial liabilities:			
Borrowings	(2,507)	(457)	(2,964)
Trade and other payables	(643)	(779)	(1,422)
Total financial liabilities	(3,150)	(1,236)	(4,386)
Net financial assets (liabilities) at end of the year	8,817	(1,083)	7,734

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	Group	
	2015 **$'000**	**2014** **$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Euro with all other variables held constant would have an favourable effect on pre-tax profit of	**14**	98
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an adverse effect on pre-tax profit of	**(1,162)**	(802)

NOTES TO THE
FINANCIAL STATEMENTS

31 DECEMBER 2015

28. Financial instruments: information on financial risks (Continued)

28G. Foreign currency risks (Continued)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

29. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2015	**2014**
	$'000	**$'000**
Audit fees to the independent auditors of the Company	**154**	125
Audit fees to the other independent auditor	**25**	19
Other fees to the independent auditor of the Company	**26**	33

30. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	**3,202**	1,822
Later than one year and not later than five years	**1,369**	382
Later than five years	**1,055**	–
Rental expense for the year	**3,628**	2,841

Operating lease payments are for rentals payable for office premises, land, storage areas and staff accommodation. The lease from the owners is ranging from 1 to 5 years term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2015

31. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to
	FRS 103 Business Combinations
	FRS 108 Operating Segments
	FRS 113 Fair Value Measurement
	FRS 24 Related Party Disclosures
	FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to
	FRS 103 Business Combinations
	FRS 113 Fair Value Measurement

32. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

33. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The reclassifications included the following:

	After reclassification $'000	Before reclassification $'000	Difference $'000
Cost of sales	53,330	48,014	5,316
Administrative expenses	9,339	14,655	(5,316)

The reclassifications made to enhance comparability with current year's consolidated statement of profit or loss and other comprehensive income only. There are no changes to other components of the financial statements.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2016

Number of Issued Shares	400,000,000
Number of Issued Shares (excluding Treasury Shares)	394,609,800
Class of Shares	Ordinary Shares
Voting Rights (excluding Treasury Shares)	1 vote per share

As at 15 March 2016, the total number of ordinary shares held in treasury is 5,390,200. The percentage of such holding against the total number of issued ordinary shares (excluding treasury shares) is 1.37%.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%#
1 – 99	0	0.00	–	0.00
100 – 1,000	45	4.75	39,675	0.01
1,001 – 10,000	255	26.93	1,573,900	0.40
10,001 – 1,000,000	624	65.89	58,873,700	14.92
1,000,001 and above	23	2.43	334,122,525	84.67
Total	947	100.00	394,609,800	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 15 March 2016, approximately 27.16% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

Percentage is calculated based on 394,609,800 shares (excluding shares held as treasury shares) as at 15 March 2016.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2016

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2016

Name	No. of Shares	%#
BANK OF SINGAPORE NOMINEES PTE LTD	205,406,625	52.05
LIN CHOON HIN	44,050,000	11.16
TEO LING LING	31,640,000	8.02
OCBC SECURITIES PRIVATE LTD	6,088,400	1.54
CHOU CHEE FATT	5,800,000	1.47
TAN HEE SENG	5,018,000	1.27
CHANG YEH HONG	4,600,000	1.17
CHAI GEOK CHANG	4,390,900	1.11
PHILLIP SECURITIES PTE LTD	3,848,500	0.98
PANG HENG KWEE	3,107,600	0.79
DBS NOMINEES PTE LTD	2,178,300	0.55
TRESNAWATI PURNAMA DEWI PRIHADI	1,920,000	0.49
ONG PANG CHIAN SAMUDRA SETYA PUTRA	1,855,000	0.47
MAYBANK KIM ENG SECURITIES PTE LTD	1,802,000	0.46
CHANG YEH FUNG	1,725,400	0.44
PANG LUCY	1,614,500	0.41
UOB KAY HIAN PTE LTD	1,607,000	0.41
UNITED OVERSEAS BANK NOMINEES PTE LTD	1,507,000	0.38
LOW GEOK LIN JUDITH	1,400,000	0.35
NG HOCK CHUAN	1,200,000	0.30
TOTAL:	**330,759,225**	**83.82**

Percentage is calculated based on 394,609,800 shares (excluding shares held as treasury shares) as at 15 March 2016.

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2016

as recorded in the Register of Substantial Shareholders

Name of Substantial Shareholder	Number of Ordinary Shares Direct Interest	Number of Ordinary Shares Deemed Interest	Total	%
Chang Yeh Hong	4,600,000	205,406,625*	210,006,625	53.22
Lin Choon Hin	44,050,000	–	44,050,000	11.16
Teo Ling Ling	31,640,000	–	31,640,000	8.02

* Mr Chang Yeh Hong's deemed interest arises from shares held by nominee, Bank of Singapore Nominees Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED (INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Nordic Group Limited (the "Company") will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Wednesday, 27 April 2016 at 10:00 am to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statements and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 0.65 Singapore cent per ordinary share for the financial year ended 31 December 2015. **Resolution 2**

3. To re-elect Ms Teo Ling Ling who is retiring in accordance with Article 104 of the Constitution of the Company, as a Director of the Company. **Resolution 3**

4. To re-elect Mr Hew Koon Chan who is retiring in accordance with Article 104 of the Constitution of the Company, as a Director of the Company. **Resolution 4**

   Mr Hew Koon Chan shall, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee, member of the Remuneration Committee and member of the Nominating Committee. Mr Hew Koon Chan shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To approve the Directors' fees of S$137,000 for the financial year ending 31 December 2016, payable half-yearly in arrears. **Resolution 5**

6. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without amendments:

7. **Ordinary Resolution: Authority to allot and issue shares up to fifty per centum (50%) of the issued shares in the capital of the Company** **Resolution 7**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:–

NOTICE OF ANNUAL GENERAL MEETING

(i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) subject to such manner of calculations as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:–

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(c) any subsequent bonus issue, consolidation or sub-division of shares.

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

See Explanatory Note (i)

8. **The Proposed Renewal of Share Purchase Mandate** **Resolution 8**

"THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

NOTICE OF
ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED (INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX- ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "Share Purchase Mandate");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held;

(ii) the date on which the share purchase is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Maximum Limit**" means 10% of the total issued ordinary shares of the Company as at the date of passing of this Resolution (excluding any ordinary shares that are held as treasury shares by the Company);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:–

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

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ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED (INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, the and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off- Market Purchase; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. "

See Explanatory Note (ii)

9. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The proposed Resolution 7, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

(ii) The proposed Resolution 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to repurchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued ordinary shares excluding any shares which are held as treasury shares by the Company at prices up to but not exceeding the Maximum Price.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED (INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 05 May 2016 for the purpose of determining members' entitlements to the final tax exempt (one-tier) (the "Final Dividend") to be proposed at the Annual General Meeting of the Company to be held on 27 April 2016.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 04 May 2016 by the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898 will be registered to determine members' entitlements to the proposed Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5:00 p.m. on 04 May 2016 will be entitled to such proposed Final and Special Dividends.

The proposed Final Dividend, if approved at the Annual General Meeting will be paid on 13 May 2016.

By Order Of the Board

Oon Yan Yi
Company Secretary

Date: 12 April 2016

Note:

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at the business office of Share Registrar of the Company, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

NORDIC GROUP LIMITED (INCORPORATED IN SINGAPORE) REGISTRATION NO. 201007399N

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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NORDIC GROUP LIMITED

Registration No. 201007399N
(Incorporated in Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We ______________________________ (Name), NRIC/Passport number ______________

of ____ (Address)

being a *member/members of Nordic Group Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing whom the Chairman of the Annual General Meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf at the Annual General Meeting of the Company to be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore on Wednesday, 27 April 2016 at 10:00 am and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	ORDINARY RESOLUTIONS	Number of Votes For(1)	Number of Votes Against(1)
ORDINARY BUSINESS			
1	To receive and consider Directors' Statements and Audited Financial Statements for the financial year ended 31 December 2015		
2	To approve payment of final tax exempt (one-tier) dividend		
3	To re-elect Ms Teo Ling Ling as Director		
4	To re-elect Mr Hew Koon Chan as Director		
5	To approve Directors' fees of S$137,000 for financial year ending 31 December 2016, payable half-yearly in arrears		
6	To re-appoint Messrs RSM Chio Lim LLP as Auditors		
SPECIAL BUSINESS			
7	To authorise the Directors to allot and issue shares		
8	To approve the Proposed Renewal of Share Purchase Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

* Delete where inapplicable

Dated this __________ day of ____________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)
or, Common Seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:–

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:–

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the business office of Share Registrar of the Company, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd) at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal Data Privacy:–

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

General:–

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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NORDIC
Group Limited

(Incorporated in the Republic of Singapore on 8 April 2010)
(Company Registration Number: 201007399N)