



NORDIC
Group Limited

NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

1Q2016 Financial Statement and Dividend Announcement

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR THE PERIOD ENDED 31 MARCH 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1Q2016 \$'000	1Q2015 \$'000	Change %
Revenue	19,810	16,613	19
Cost of Sales	(13,521)	(12,612)	7
Gross Profit	6,289	4,001	57
Interest Income	29	26	12
Finance Costs	(264)	(146)	81
Marketing and Distribution Costs	(157)	(234)	(33)
Administrative Expenses	(2,784)	(2,337)	19
Other (Losses) / Gains	(340)	340	nm
Profit Before Tax from Continuing Operations	2,773	1,650	68
Income Tax Expense	(458)	(199)	130
Profit from Continuing Operations, Net of Tax	2,315	1,451	60
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(133)	21	nm
Other Comprehensive Income, Net of Tax	(133)	21	nm
Total Comprehensive Income	2,182	1,472	48
Profit Attributable to:			
Owners of the Parent, Net of Tax	2,315	1,451	60
Non-Controlling Interests, Net of Tax	-	-	-
Profit Net of Tax	2,315	1,451	60
Total Comprehensive Income Attributable to:			
Owners of the Parent	2,182	1,472	48
Non-Controlling Interests	-	-	-
Total Comprehensive Income	2,182	1,472	48

nm: not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's profit or loss for the financial period is derived after (charging)/crediting:

		1Q2016 \$'000	1Q2015 \$'000	Change %
1	Interest income	29	26	12
2	Interest on borrowings	(264)	(146)	(81)
3	Depreciation and amortisation	(725)	(701)	(3)
4	Foreign exchange gain/(loss)	(737)	116	nm
5	Government grant income	292	174	68

nm: not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 March 2016 S\$'000	31 December 2015 S\$'000	31 March 2016 S\$'000	31 December 2015 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	17,996	18,544	-	-
Investments in Subsidiaries	-	-	1,350	1,350
Goodwill	22,451	22,451	-	-
Total Non-Current Assets	40,447	40,995	1,350	1,350
Current Assets				
Inventories	8,987	8,988	-	-
Trade and Other Receivables	25,297	25,889	15,180	14,910
Other Assets	1,606	1,012	1	-
Cash and Cash Equivalents	35,871	35,566	10,908	11,230
Total Current Assets	71,761	71,455	26,089	26,140
Total Assets	112,208	112,450	27,439	27,490
Liabilities and Equity				
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Treasury Shares	(1,004)	(856)	(1,004)	(856)
Retained Earnings	39,380	37,065	4,721	4,688
Other Reserves	534	667	-	-
Equity, Attributable to Owners of the Parent	61,349	59,315	26,156	26,271
Non-Controlling Interests	65	65	-	-
Total Equity	61,414	59,380	26,156	26,271
Non-Current Liabilities				
Other Financial Liabilities	10,212	11,171	-	-
Deferred Tax Liabilities	1,000	958	-	-
Total Non-Current Liabilities	11,212	12,129	-	-
Current Liabilities				
Income Tax Payable	1,710	1,501	13	6
Trade and Other Payables	16,727	17,321	1,270	1,213
Other Liabilities	964	1,135	-	-
Other Financial Liabilities	20,181	20,984	-	-
Total Current Liabilities	39,582	40,941	1,283	1,219
Total Liabilities	50,794	53,070	1,283	1,219
Total Liabilities and Equity	112,208	112,450	27,439	27,490

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

Amount repayable in one year or less, or on demand

As at 31 March 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,225	10,956	9,223	11,761

Amount repayable after one year

As at 31 March 2016		As at 31 December 2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,962	250	10,921	250

Details of any collateral

1. Charge on motor vehicles of certain subsidiaries for finance lease liabilities
2. Borrowings drawn down in relation to the acquisition of the leasehold property is secured against mortgage on the property.
3. Borrowings drawn down in relation to the acquisition of Austin Energy (Asia) Pte Ltd and its subsidiary, Austin Energy Offshore Pte. Ltd. (collectively known as "AE Group") is secured against mortgage on a leasehold property owned by Austin Energy Offshore Pte. Ltd.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q2016 \$'000	1Q2015 \$'000
Cash flows from operating activities:		
Profit before tax	2,773	1,650
Adjustments for:		
Depreciation expense	725	606
Amortisation of intangible assets	-	95
Gain on disposal of plant and equipment	(75)	-
Interest income	(29)	(26)
Interest expense	264	146
Unrealised foreign exchange loss / (gains)	468	(183)
Operating cash flows before changes in working capital	4,126	2,288
Trade and other receivables	592	(1,336)
Other assets	(594)	(591)
Inventories	1	484
Other liabilities	(171)	-
Trade and other payables	(594)	(780)
Cash generated from operations	3,360	65
Income tax paid	(249)	(274)
Net cash generated from / (used in) operating activities	3,111	(209)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(196)	(205)
Disposal of plant and equipment	152	-
Interest received	29	26
Net cash used in investing activities	(15)	(179)
Cash flows from financing activities:		
Other financial liabilities	(1,840)	(5,302)
Decrease in finance leases	(27)	(15)
Purchase of treasury shares	(148)	-
Interest paid	(264)	(146)
Net cash used in financing activities	(2,279)	(5,463)
Net increase / (decrease) in cash and cash equivalents	817	(5,851)
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(512)	220
Cash and cash equivalents at beginning of period	35,566	32,799
Cash and cash equivalents at end of period	35,871	27,168

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the company						Non-Controlling Interests \$'000	Total Equity \$'000
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Treasury Shares \$'000	Parent Sub-Total \$'000		
Group – Q1								
<u>Balance at 1 January 2016</u>	22,439	432	37,065	235	(856)	59,315	65	59,380
Total comprehensive income for the period	-	(133)	2,315	-	-	2,182	-	2,182
Purchase of treasury shares	-	-	-	-	(148)	(148)	-	(148)
Balance at 31 March 2016	22,439	299	39,380	235	(1,004)	61,349	65	61,414
<u>Balance at 1 January 2015</u>	22,439	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the period	-	21	1,451	-	-	1,472	-	1,472
Balance at 31 March 2015	22,439	413	31,604	235	-	54,691	72	54,763

	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Total equity \$'000
Company - Q1				
<u>Balance at 1 January 2016</u>	22,439	4,688	(856)	26,271
Total comprehensive income for the period	-	33	-	33
Purchase of treasure shares	-	-	(148)	(148)
Balance at 31 March 2016	22,439	4,721	(1,004)	26,156
<u>Balance at 1 January 2015</u>	22,439	3,889	-	26,328
Total comprehensive income for the period	-	38	-	38
Balance at 31 March 2015	22,439	3,927	-	26,366

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	1Q2016		1Q2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and paid up capital				
As at 1 January	395,330,800	21,583	400,000,000	22,439
Less: Treasury shares	(831,000)	(148)	-	-
Total issued share capital excluding treasury shares as at end of period	394,499,800	21,435	400,000,000	22,439

	1Q2016		1Q2015	
	No. of shares	S\$'000	No. of shares	S\$'000
Treasury shares				
As at 1 January	4,669,200	856	-	-
Share buy-back	831,000	148	-	-
Treasury shares balance as at end of period	5,500,200	1,004	-	-

The company had no convertibles as at the end of the current financial period and as at the end of the corresponding period for the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares as at the end of the period was 394,499,800 ordinary shares (31 December 2015: 395,330,800 ordinary shares).

As at 31 March 2016, the Company holds 5,500,200 treasury shares (31 December 2015: 4,669,200 treasury shares).

1(d)(iv) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares as at the end of the current financial period reported on

The Company purchased and held 5,500,200 treasury shares (31 December 2015: 4,669,200 treasury shares) during the period. Except for the purchase, there was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed in accordance with Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The unaudited financial statements have been prepared by applying policies and methods of computation consistent with those used in the preparation of the most recently audited financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Similarly as disclosed in the results announcement for the year ended 31 December 2015, certain reclassification has been made to 1Q2015 to enhance comparability with 1Q2016. Accordingly, the cost of sales increased by \$1.31 million for 1Q2015 and administrative expenses decreased by the same amount.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	1Q2016	1Q2015
The Group		
Net profit after tax attributable to equity holders of the Company (\$'000)	2,315	1,451
Number of ordinary shares ('000)	394,862	400,000
Earnings per share - basic/fully diluted (cents)	0.6	0.4

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

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

	Group		Company	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Net asset value (\$'000)	61,414	59,380	26,156	26,271
Number of ordinary shares excluding treasury shares ('000)	394,500	395,331	394,500	395,331
Net asset value per share (cents)	15.6	15.0	6.6	6.6

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of performance for quarter ended 31 March 2016 ("1Q2016")

Revenue

Our revenue increased by approximately \$3.1 million or 19.2%, from approximately \$16.6 million in 1Q2015 to approximately \$19.8 million in 1Q2016. The increase was mainly due to revenue contribution from AE Group which was acquired on 2 June 2015.

Operating Segment	1Q2016 \$'m	1Q2015 \$'m	Change \$'m	Change (%)
Project	15.1	13.1	2.0	16.0
Maintenance	4.7	3.6	1.1	31.3
Total	19.8	16.6	3.1	19.2

Gross profit and gross profit margin

Gross profit for 1Q2016 increased approximately \$2.3 million or 57.5% from \$4.0 million in 1Q2015 to \$6.3 million in 1Q2016. Similarly, gross profit margin increased from 24.1% in 1Q2015 to 31.8% in 1Q2016.

Gross profit for 1Q2016 is higher than 1Q2015 mainly due to contribution from AE Group. The increase in gross profit margin was due to higher margins from both the Project Services and Maintenance Services segments.

Finance costs

Interest expense increased approximately \$118,000 or 80.8%, from approximately \$146,000 in 1Q2015 to approximately \$264,000 in 1Q2016 mainly due to the bank loan drawn down for the financing of the acquisition of AE Group.

Marketing and distribution expenses

Marketing and distribution expenses decreased approximately \$77,000 or 32.9% from \$234,000 in 1Q2015 to \$157,000 in 1Q2016, mainly due to less exhibition costs incurred.

Administrative expenses

Administrative expenses increased approximately \$0.5 million or 19.1% from \$2.3 million in 1Q2015 to \$2.8 million in 1Q2016. This was mainly due to administrative expenses from AE Group.

Other gains and losses

Other losses of approximately \$340,000 were recorded in 1Q2016, arising mainly from foreign exchange losses of approximately \$737,000, due to the weakening of the United States Dollar against the Singapore Dollar during the period under review. The foreign exchange loss was offset by government grants received of approximately \$292,000 and gain on disposal of plant and equipment of \$75,000.

For 1Q2015, other gains of approximately \$340,000 were recorded. This was due to government grants received of approximately \$174,000 and foreign exchange gains of approximately \$116,000.

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

Non-current assets

Non-current assets decreased approximately \$0.6 million or 1.3% from approximately \$41.0 million as at 31 December 2015 to approximately \$40.4 million as at 31 March 2016. The decrease was mainly due to depreciation charge for the period under review.

Current assets

Current assets decreased approximately \$0.3 million or 0.4%, from approximately \$71.5 million as at 31 December 2015 to approximately \$71.8 million as at 31 March 2016. The decrease was due to drop in trade and other receivables of approximately \$0.6 million, offset by increase in other assets and cash and cash equivalents of approximately \$0.6 million and \$0.3 million respectively.

Current liabilities

Current liabilities decreased approximately \$1.4 million or 3.3%, from approximately \$40.9 million as at 31 December 2015 to approximately \$39.6 million as at 31 March 2016 mainly due to (i) decrease in trade and other payables of approximately \$0.6 million; (ii) decrease in other liabilities of approximately \$0.2 million and (iii) repayment of short term bank borrowings of approximately \$0.8 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$0.9 million or 7.6%, from approximately \$12.1 million as at 31 December 2015 to approximately \$11.2 million as at 31 March 2016 due to repayment of term loans.

Equity

Our capital and reserves increased by approximately \$2.0 million or 3.4% from \$59.4 million as at 31 December 2015 to \$61.4 million as at 31 March 2016 mainly due to net profit from the quarter under review offset by purchase of treasury shares of \$0.1 million.

Statement of Cash Flows Review

1Q2016

We continued to maintain a healthy cash position with approximately \$35.5 million in cash and cash equivalents as at the end of 1Q2016.

In 1Q2016, net cash from operating activities amounted to approximately \$3.1 million compared to approximately \$0.2 million used in the corresponding period in FY2015. We generated net cash of approximately \$4.1 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$0.8 million. This was mainly due to (i) cash flow increase in trade and other receivables of approximately \$0.6 million and (ii) cash flow decreases in other assets, other liabilities and trade and other payables of approximately \$0.6 million, \$0.2 million and \$0.6 million respectively. Our operating cash flow from operations was reduced by income taxes payment of approximately \$249,000.

Net cash of approximately \$15,000 was used in investing activities mainly due to purchase of plant and equipment of approximately \$196,000 offset by proceeds from the disposal of plant and equipment of \$152,000.

Net cash of approximately \$2.3 million was used in financing activities. This was mainly due to repayment of bank borrowings and finance cost.

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

No profit forecast or prospect statement had been issued for the current financial reporting period.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Currently, our Group has outstanding orders amounting to approximately \$34.0 million excluding maintenance contracts. The deliveries for these orders will spread within the next 24 months and as such, we expect to derive sustained revenue streams from these orders up to FY2017. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The market climate for the marine and offshore oil and gas industries are expected to remain challenging. Despite the global economic slowdown, the Group remains cautiously optimistic with the recent contract wins secured by both the Project Services and Maintenance Services segments. Such contract wins are reflective of the Group's capabilities and resilience in delivering sustainable revenue growth amidst the current business environment.

With oil majors and multinational companies deferring their capital expenditure and focusing on optimizing their existing plant facilities, the Group foresees growth potential for the Maintenance Services segment for the next twelve months. With the synergistic partnership forged between AE Group and Multiheight Scaffolding Pte Ltd ("Multiheight"), the Maintenance Services segment seeks to bundle and expand its scope of services to its existing customer base. In addition, our subsidiary, Multiheight, successfully renewed a maintenance contract with an oil major on a longer tenure basis (three years with an option to renew for two years) instead of yearly renewal. These will provide the Group a recurring and stable revenue stream as the Group tides through the challenging and competitive business conditions.

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

11. Dividend

(a) Current Financial Period Reported on 31 March 2016

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2016.

13. Interested Person Transactions

The Company has not obtained a general mandate from shareholders for interested person transactions. The Company did not have any interested person transactions during the period under review (excluding transactions less than \$100,000).

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors ("the Board") hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for the financial period ended 31 March 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
13 MAY 2016