



NORDIC
Group Limited

NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

Q3 FY2015 Financial Statement and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Q3 FY2015 \$'000	Q3 FY2014 \$'000	Change %	Nine months ended 30/09/2015 \$'000	Nine months ended 30/09/2014 \$'000	Change %
Revenue	21,715	19,627	11	59,384	51,865	14
Cost of Sales	(15,546)	(15,068)	3	(43,647)	(38,462)	13
Gross Profit	6,169	4,559	35	15,737	13,403	17
Interest Income	26	131	(80)	79	143	(45)
Finance Costs	(330)	(131)	152	(659)	(444)	48
Marketing and Distribution Costs	(222)	(246)	(10)	(725)	(615)	18
Administrative Expenses	(3,063)	(2,328)	32	(8,044)	(6,725)	20
Other Gains - net	1,011	283	257	1,590	314	406
Profit Before Tax from Continuing Operations	3,591	2,268	58	7,978	6,076	31
Income Tax Expense	(415)	(293)	42	(791)	(754)	5
Profit from Continuing Operations, Net of Tax	3,176	1,975	61	7,187	5,322	35
Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:						
Available-for-sale Financial Assets	-	2,721	(100)	-	-	-
- Fair value changes arising during the period	-	12	(100)	15	18	(17)
Exchange Differences on Translating Foreign Operations, Net of Tax	-	2,733	(100)	15	18	(17)
Other Comprehensive Income, Net of Tax	-	2,733	(100)	15	18	(17)
Total Comprehensive Income	3,176	4,708	(33)	7,202	5,340	35
Profit Attributable to:						
Owners of the Parent, Net of Tax	3,176	1,975	61	7,187	5,322	35
Non-Controlling Interests, Net of Tax	-	-	-	-	-	-
Profit Net of Tax	3,176	1,975	61	7,187	5,322	35
Total Comprehensive Income Attributable to:						
Owners of the Parent	3,176	4,708	(33)	7,202	5,340	35
Non-Controlling Interests	-	-	-	-	-	-
Total Comprehensive Income	3,176	4,708	(33)	7,202	5,340	35

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:

		Q3 FY2015 \$'000	Q3 FY2014 \$'000	Change %	Nine months ended 30/09/2015 \$'000	Nine months ended 30/09/2014 \$'000	Change %
1	Interest income	26	131	(80)	79	143	(45)
2	Interest on borrowings	(330)	(131)	152	(659)	(444)	48
3	Depreciation and amortisation	(919)	(752)	22	(2,470)	(2,246)	10
4	Foreign exchange gain (Allowance) / reversal for impairment on trade	243	230	6	913	39	nm
5	receivables, net	(4)	-	nm	4	-	nm
6	Gain on disposal of property, plant and equipment	485	1	nm	484	1	nm
7	Inventories written off	(112)	-	nm	(112)	-	nm

nm: not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/09/2015 \$'000	31/12/2014 \$'000	30/09/2015 \$'000	31/12/2014 \$'000
Assets				
Current Assets				
Inventories	8,643	7,315	-	-
Trade and Other Receivables	26,346	23,925	14,478	14,951
Other Assets	1,042	568	-	2
Cash and Cash Equivalents	32,283	32,799	8,903	13,057
Total Current Assets	68,314	64,607	23,381	28,010
Non-Current Assets				
Property, Plant and Equipment	19,072	13,421	-	-
Investment in Subsidiaries	-	-	1,350	1,350
Intangible asset	40	190	-	-
Goodwill	22,451	12,292	-	-
Total Non-Current Assets	41,563	25,903	1,350	1,350
Total Assets	109,877	90,510	24,731	29,360
Liabilities and Equity				
Current Liabilities				
Income Tax Payable	1,027	1,220	-	7
Trade and Other Payables	20,901	10,479	2,045	3,025
Other Financial Liabilities	17,963	22,210	-	-
Total Current Liabilities	39,891	33,909	2,045	3,032
Non-Current Liabilities				
Other Financial Liabilities	12,378	3,110	-	-
Deferred Tax Liabilities	900	200	-	-
Total Non-Current Liabilities	13,278	3,310	-	-
Equity Attributable to Owners of the Parent				
Share Capital	22,439	22,439	22,439	22,439
Treasury Shares	(185)	-	(185)	-
Retained Earnings	33,740	30,153	432	3,889
Other Reserves	642	627	-	-
Equity, Attributable to Owners of the Parent	56,636	53,219	22,686	26,328
Non-Controlling Interests	72	72	-	-
Total Equity	56,708	53,291	22,686	26,328
Total Liabilities and Equity	109,877	90,510	24,731	29,360

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

Amount repayable in one year or less, or on demand

As at 30 September 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,227	13,736	437	21,773

Amount repayable after one year

As at 30 September 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
11,978	400	1,816	1,294

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 ("Austin Energy") and its subsidiary, KKH (2003) Engineering Enterprises Pte. Ltd ("KKH", and collectively known as "AE Group") is secured against mortgage on a leasehold property owned by KKH.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q3 FY2015 \$'000	Q3 FY2014 \$'000	Nine months ended 30/09/2015 \$'000	Nine months ended 30/09/2014 \$'000
Cash flows from operating activities:				
Profit before tax	3,591	2,268	7,978	6,076
Adjustments for:				
Depreciation expense	878	657	2,226	1,961
Amortization of intangible assets	41	95	244	285
Gain on disposal of property, plant and equipment	(485)	(1)	(484)	(1)
Interest income	(26)	(131)	(79)	(143)
Interest expense	330	131	659	444
Unrealised foreign exchange loss/(gain)	188	(189)	177	(62)
Operating cash flows before changes in working capital	4,517	2,830	10,721	8,560
Trade and other receivables	4,083	2,299	435	3,303
Other assets	617	(499)	13	(9)
Inventories	(1,094)	(443)	(927)	(44)
Trade and other payables	422	1,704	(1,384)	1,701
Cash generated from operations	8,545	5,891	8,858	13,511
Income tax paid	(1,014)	(280)	(1,999)	(687)
Net cash generated from operating activities	7,531	5,611	6,859	12,824
Cash flows from investing activities:				
Acquisition of subsidiaries (net of cash acquired) *	-	-	(7,460)	-
Purchase of plant and equipment	(499)	(416)	(2,495)	(1,284)
Other financial assets	-	-	-	(9,023)
Proceeds from disposal of property, plant and equipment	2,084	2	2,090	2
Interest received	26	131	79	143
Net cash generated from / (used in) investing activities	1,611	(283)	(7,786)	(10,162)
Cash flows from financing activities:				
Other financial liabilities	(4,545)	(1,616)	(10,158)	1,368
Increase from new borrowings	-	-	15,239	-
Purchase of treasury shares	(185)	-	(185)	-
Decrease in finance leases	(27)	(11)	(60)	(27)
Dividends paid	(1,600)	-	(3,600)	(1,000)
Interest paid	(330)	(131)	(659)	(444)
Net cash (used in) / generated from financing activities	(6,687)	(1,758)	577	(103)
Net increase / (decrease) in cash and cash equivalents	2,455	3,570	(350)	2,559
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(197)	(49)	(166)	107
Cash and cash equivalents at beginning of period	30,025	13,997	32,799	14,852
Cash and cash equivalents at end of period	32,283	17,518	32,283	17,518

* The acquisition of AE Group was completed on 2 June 2015. The fair values of identifiable assets acquired and liabilities assumed are as follows:

	<u>Pre-acquisition book value under FRS</u> \$'000	<u>Provisional fair value</u> \$'000
<u>2015: AE Group</u>		
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
Goodwill arising on consolidation		10,159
Purchase consideration		25,747
Amount payable to vendor of the acquired subsidiaries		(10,747)
Cash of subsidiaries acquired		(7,540)
Net cash flow used in acquisition of subsidiaries		7,460

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company							Non-Controlling Interests	Total Equity
	Issued Capital \$'000	Treasury Shares \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Fair Value Reserves \$'000	Parent Sub-Total \$'000		
Group – Q3									
<u>Balance at 1 July 2015</u>	22,439	-	407	32,164	235	-	55,245	72	55,317
Total comprehensive income for the period	-	-	-	3,176	-	-	3,176	-	3,176
Dividends paid	-	-	-	(1,600)	-	-	(1,600)	-	(1,600)
Purchase of treasury shares	-	(185)	-	-	-	-	(185)	-	(185)
Balance at 30 September 2015	22,439	(185)	407	33,740	235	-	56,636	72	56,708
<u>Balance at 1 July 2014</u>	22,439	-	223	25,685	196	(2,721)	45,822	-	45,822
Total comprehensive income for the period	-	-	12	1,975	-	2,721	4,708	-	4,708
Balance at 30 September 2014	22,439	-	235	27,660	196	-	50,530	-	50,530
Group – 9 months									
<u>Balance at 1 January 2015</u>	22,439	-	392	30,153	235	-	53,219	72	53,291
Total comprehensive income for the period	-	-	15	7,187	-	-	7,202	-	7,202
Dividends paid	-	-	-	(3,600)	-	-	(3,600)	-	(3,600)
Purchase of treasury shares	-	(185)	-	-	-	-	(185)	-	(185)
Balance at 30 September 2015	22,439	(185)	407	33,740	235	-	56,636	72	56,708
<u>Balance at 1 January 2014</u>	22,439	-	217	23,338	196	-	46,190	-	46,190
Total comprehensive income for the period	-	-	18	5,322	-	-	5,340	-	5,340
Dividends paid	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Balance at 30 September 2014	22,439	-	235	27,660	196	-	50,530	-	50,530

	Issued Capital \$'000	Treasury Shares \$'000	Retained Earnings \$'000	Fair Value Reserves \$'000	Total equity \$'000
Company – Q3					
Balance at 1 July 2015	22,439	-	2,206	-	24,645
Total comprehensive income for the period	-	-	(174)	-	(174)
Dividends paid	-	-	(1,600)	-	(1,600)
Purchase of treasury shares	-	(185)	-	-	(185)
Balance at 30 September 2015	22,439	(185)	432	-	22,686
Balance at 1 July 2014	22,439	-	1,613	(2,721)	21,331
Total comprehensive income for the period	-	-	137	2,721	2,858
Balance at 30 September 2014	22,439	-	1,750	-	24,189
Company – 9 months					
Balance at 1 January 2015	22,439	-	3,889	-	26,328
Total comprehensive income for the period	-	-	143	-	143
Dividends paid	-	-	(3,600)	-	(3,600)
Purchase of treasury shares	-	(185)	-	-	(185)
Balance at 30 September 2015	22,439	(185)	432	-	22,686
Balance at 1 January 2014	22,439	-	2,406	-	24,845
Total comprehensive income for the period	-	-	344	-	344
Dividends paid	-	-	(1,000)	-	(1,000)
Balance at 30 September 2014	22,439	-	1,750	-	24,189

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

	9M2015		9M2014	
Issued and paid up capital	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	400,000,000	22,439	400,000,000	22,439
Less: Treasury shares	(1,086,500)	(185)	-	-
Total issued share capital excluding Treasury shares as at end of period	398,913,500	22,254	400,000,000	22,439

	9M2015		9M2014	
Treasury shares	No. of shares	S\$'000	No. of shares	S\$'000
As at 1 January	-	-	-	-
Share buy-back	1,086,500	185	-	-
Treasury shares balance as at end of period	1,086,500	185	-	-

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 share capital of the Company, excluding treasury shares as at the end of the period was 398,913,500 ordinary shares (31 December 2014: 400,000,000 ordinary shares).

As at 30 September 2015, the Company holds 1,086,500 treasury shares (31 December 2014: Nil 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 1,086,500 treasury shares (31 December 2014: Nil treasury shares) during the period. Except for the purchase, there was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 30 September 2015.

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 the same accounting policies and methods of computation as the most recently audited annual 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

Certain reclassification has been made to Q3FY2014 and nine months ended 30 September 2014 to enhance comparability with Q3FY2015 and nine months ended 30 September 2015. Accordingly, the cost of sales increased by \$1.36 million and \$4.04 million for Q3FY2014 and nine months ended 30 September 2014 respectively and administrative expenses decreased by the same amount for both periods.

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

	Q3 FY2015	Q3 FY2014	Nine months ended 30/09/2015	Nine months ended 30/09/2014
<u>The Group</u>				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,176	1,975	7,187	5,322
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	399,920	400,000	399,973	400,000
Earnings per share - basic/fully diluted (cents)	0.8	0.5	1.8	1.3

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

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

	Group		Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net asset value (\$'000)	56,636	53,219	22,686	26,328
Number of ordinary shares (excluding Treasury Shares) ('000)	398,913	400,000	398,913	400,000
Net asset value per share (cents)	14.2	13.3	5.7	6.6

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

Review of performance for quarter ended 30 September 2015 ("3Q2015")

Revenue

Following the acquisition of AE Group and to align with the corporate strategy going forward, the Group has revised its business segments into three business segments – Project Services, Maintenance Services and Others (including investment holding) respectively.

The Project Services segment includes capital projects which the Group provides engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services. The Maintenance Services segment includes maintenance and repair services provided by the Group, including trading and supply of material, spare parts and components. The Others segment relates to other revenue streams, including dividends from investment holding.

The Group's revenue increased by approximately \$2.1 million or 10.7%, from approximately \$19.6 million in 3Q2014 to approximately \$21.7 million in 3Q2015. The increase was mainly due to the revenue contribution from AE Group which was acquired on 2 June 2015.

Business Segment	3Q2015	3Q2014	Change	Change (%)
Project Services	\$16.3m	\$15.7m	\$0.6m	3.8
Maintenance Services	\$5.4m	\$3.9m	\$1.5m	38.5
Others	-	-	-	-
Total	\$21.7m	\$19.6m	\$2.1m	10.7

Gross profit and gross profit margin

Gross profit for 3Q2015 increased by approximately \$1.6 million or 35.3% from \$4.6 million in 3Q2014 to \$6.2 million in 3Q2015. Similarly, there is an increase in the gross profit margin from 23.2% in 3Q2014 to 28.4% in 3Q2015.

Gross profit for 3Q2015 is higher than 3Q2014 mainly due to contribution from the newly acquired AE Group and higher gross profits from the Project Services segment for the quarter under review.

Finance costs

Interest expense increased approximately \$0.2 million or 151.9% from \$0.1 million in 3Q2014 to \$0.3 million in 3Q2015 mainly due to the bank loan drawn down for the financing of the acquisition of AE Group in the current year.

Marketing and distribution costs

Marketing and distribution costs remained relatively constant at approximately \$0.2 million.

Administrative expenses

Administrative expenses increased approximately \$0.7 million or 31.6%, from approximately \$2.3 million in 3Q2014 to approximately \$3.1 million in 3Q2015. The increase is mainly due to the administrative expenses of approximately \$0.4 million, incurred by AE Group and higher administrative expenses arising from higher operational costs.

Other gains

Other gains of approximately \$0.7 million were recorded in 3Q2015, arising mainly from the disposal of a subsidiary's leasehold property and foreign exchange gains.

Review of performance for the period ended 30 September 2015 ("9M2015")

Revenue

The Group's revenue increased by approximately \$7.5 million or 14.5%, from approximately \$51.9 million in 9M2014 to approximately \$59.4 million in 9M2015. The increase was due to the revenue contribution from AE Group which was acquired on 2 June 2015 as well as higher revenue from both the Project Services and Maintenance Services segments.

Business Segment	9M2015	9M2014	Change	Change (%)
Project Services	\$45.1m	\$41.3m	\$3.8m	9.2
Maintenance Services	\$14.3m	\$10.4m	\$3.9m	37.5
Others	-	\$0.2m	(\$0.2m)	(100.0)
Total	\$59.4m	\$51.9m	\$7.5m	14.5

Gross profit and gross profit margin

Gross profit for 9M2015 increased approximately \$2.3 million or 17.4% from \$13.4 million in 9M2014 to \$15.7 million in 9M2015. Similarly, gross profit margin increased from 25.8% in 9M2014 to 26.5% in 9M2015.

Gross profit for 9M2015 is higher than 9M2014 mainly due to contribution from the newly acquired AE Group and higher gross profits from the Maintenance Services segment for the period under review.

Finance costs

Interest expense increased approximately \$0.2 million or 48.4%, from approximately \$0.4 million in 9M2014 to approximately \$0.6 million in 9M2015. This is mainly due to the bank loan drawn down for the financing of the acquisition of AE Group in the current year.

Marketing and distribution costs

Marketing and distribution costs increased approximately \$0.1 million or 17.9%, from approximately \$0.6 million in 9M2014 to approximately \$0.7 million in 9M2015, mainly due to higher sales and marketing costs incurred.

Administrative expenses

Administrative expenses increased approximately \$1.3 million or 19.6% from \$6.7 million in 9M2014 to \$8.0 million in 9M2015. This is mainly due to higher administrative expenses of approximately \$0.6 million arising from higher operational costs and the administrative expenses of approximately \$0.5 million incurred by AE Group, which was acquired since 2 June 2015.

Following the acquisition of AE Group in current period, depreciation expense of approximately \$0.2 million was recognized due to the fair value revaluation of the property, plant and equipment of AE Group.

Other gains

Other gains of approximately \$1.6 million recorded in 9M2015, comprised mainly of foreign exchange gains of approximately \$0.9 million and gain on disposal of a subsidiary's leasehold property of approximately \$0.5 million.

These gains are partially offset by write off of inventory of approximately \$0.1 million.

Statement of Financial Position Review (as at 30 September 2015 compared to 31 December 2014)

Non-current assets

Non-current assets increased approximately \$15.7 million or 60.5% from approximately \$25.9 million as at 31 December 2014 to approximately \$41.6 million as at 30 September 2015.

The increase was mainly due to:

- (i) Inclusion of property, plant and equipment from AE Group of approximately \$6.8 million (inclusive of the fair value revaluation of the property, plant and equipment arising from the acquisition of AE Group) as at 30 September 2015.
- (ii) Intangible assets and goodwill arising from the acquisition of AE Group of approximately \$10.2 million as at 30 September 2015.

This increase was partially offset by the disposal of a subsidiary's leasehold property with a net book value of approximately \$1.5 million in 3Q2015.

Current assets

Current assets increased approximately \$3.8 million or 5.9% from approximately \$64.6 million as at 31 December 2014 to approximately \$68.4 million as at 30 September 2015.

The increase was due to inclusion of current assets from AE Group of approximately \$10.8 million as at 30 September 2015. This increase was partially offset by a decrease in cash and cash equivalents of approximately \$7.0 million.

Current liabilities

Current liabilities increased approximately \$6.0 million or 17.7%, from approximately \$33.9 million as at 31 December 2014 compared to \$39.9 million as at 30 September 2015.

The increase was due to:

- (i) Inclusion of current liabilities from AE Group of approximately \$5.2 million as at 30 September 2015.
- (ii) Trade and other payables of approximately \$9.2 million mainly due to the second and final consideration payments for the acquisition of AE Group, payable on 2 December 2015 and 2 June 2016 respectively.

This increase was partially offset by a decrease in other financial liabilities of approximately \$8.0 million mainly due to repayment of short term bank borrowing and decrease in income tax payable of approximately \$0.4 million due to income tax payments.

Non-current liabilities

Non-current liabilities increased by approximately \$10.0 million or 301.1%, from approximately \$3.3 million as at 31 December 2014 to approximately \$13.3 million as at 30 September 2015.

The increase was due to

- (i) Other financial liabilities of approximately \$9.3 million which mainly due to the non-current portion of the bank loan drawn down for the acquisition of AE Group.
- (ii) Deferred tax liabilities of approximately \$0.7 million due to inclusion of deferred tax liabilities of AE Group of approximately \$0.7 million as at 30 September 2015.

Equity

Our capital and reserves increased by approximately \$3.5 million or 6.6% from \$53.3 million as at 31 December 2014 to \$56.8 million as at 30 September 2015 mainly due to the retention of net profit of approximately \$7.2 million for the current period, partially offset by distribution of dividends of approximately \$3.6 million in the current period.

Statement of Cash Flows Review

3Q2015

We continued to maintain a healthy cash position with approximately \$32.3 million in cash and bank balances as at the end of 3Q2015.

In 3Q2015, net cash generated from operating activities amounted to approximately \$7.5 million compared with approximately \$5.6 million generated in the corresponding period in FY2014. We generated net cash of approximately \$4.5 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$4.0 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately \$4.1 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$1.0 million.

Net cash of approximately \$1.6 million was generated from investing activities mainly due to proceeds from the disposal of a subsidiary's leasehold property of approximately \$2.0 million. Approximately \$0.5 million was used for the purchase of plant and equipment.

Net cash of approximately \$6.7 million was used in financing activities. This was mainly due to repayment of short-term bank borrowings of approximately \$4.5 million and payment of interim dividend for the financial year ending 31 December 2015, amounting to \$1.6 million.

9M2015

In 9M2015, net cash generated from operating activities amounted to approximately \$6.9 million compared with approximately \$12.8 million generated in the corresponding period in FY2014. We generated net cash of approximately \$10.7 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$1.9 million. This was mainly due to cash outflow from decrease in trade and other payables of approximately \$1.4 million and cash outflow from increase in inventories of approximately \$0.9 million. Our operating cash flow from operations was further reduced by income tax payments of approximately \$2.0 million.

Net cash of approximately \$7.8 million was used in investing activities mainly for acquisition of AE Group. The purchase of plant and equipment of \$2.5 million was offset by the proceeds from the disposal of a subsidiary's leasehold property of approximately \$2.0 million.

Net cash of approximately \$0.6 million was generated from financing activities. This was mainly due to net increase in bank borrowings of approximately \$5.1 million. The cash generated was partially offset by dividend payments of \$3.6 million and interest payment of \$0.7 million.

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

No profit forecast has been previously issued.

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 \$43.6 million. The deliveries for these orders will spread within the next 24 months and as such, we expect to derive sustained revenue streams from these orders up to FY2017. These confirmed orders are however, subjected to possible cancellation, deferral, rescheduling or variations by customers.

Despite the current market downturn in the marine and offshore oil and gas industries, the Project Services and Maintenance Services segments continued to secure key contracts with repeat and new customers. Such contracts secured, enable the Group to deliver sustainable revenue growth amidst the challenging business environment.

With the acquisition of AE Group, the Project Services and Maintenance Services segments are expected to benefit from the synergistic partnership forged between AE Group and Multiheight Group and generate higher revenue for the Group. The recurring and stable revenue stream from the Maintenance Services segment will provide further earnings visibility to the Group.

With a diversified business model and established market position, the Group is confident of securing more contracts and capturing opportunities as the general business outlook improves.

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

11. Dividend

(a) Current Financial Period Reported on 30 September 2015

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

(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/recommendeded, a statement to that effect

Not applicable

13. Interested Person Transactions

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

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

The Board of Directors ("the Board") hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for the financial period ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YEH HONG
CHAIRMAN
13 NOVEMBER 2015