



**NORDIC**  
Group Limited

**NORDIC GROUP LIMITED**

(Company Registration Number: 201007399N)

### 3Q2019 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 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3Q2019 S\$'000	3Q2018 S\$'000	Change %	9M2019 S\$'000	9M2018 S\$'000	Change %
<b>Revenue</b>	20,892	21,385	(2)	61,436	70,169	(12)
Cost of sales	(16,284)	(15,697)	4	(46,147)	(50,476)	(9)
<b>Gross profit</b>	<b>4,608</b>	<b>5,688</b>	(19)	<b>15,289</b>	<b>19,693</b>	(22)
Other income and gains	1,546	1,263	22	2,273	2,508	(9)
Distribution costs	(146)	(158)	(8)	(475)	(514)	(8)
Administrative expenses	(2,621)	(2,795)	(6)	(8,243)	(8,545)	(4)
Finance costs	(349)	(435)	(20)	(1,095)	(1,111)	(1)
Other losses	(70)	-	nm	(70)	-	nm
<b>Profit before tax from continuing operations</b>	<b>2,968</b>	<b>3,563</b>	(17)	<b>7,679</b>	<b>12,031</b>	(36)
Income tax expense	(41)	(246)	(83)	(464)	(924)	(50)
<b>Net profit for the year</b>	<b>2,927</b>	<b>3,317</b>	(12)	<b>7,215</b>	<b>11,107</b>	(35)
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations, net of tax	(164)	(197)	(17)	(221)	(187)	18
<b>Total comprehensive income for the year</b>	<b>2,763</b>	<b>3,120</b>	(11)	<b>6,994</b>	<b>10,920</b>	(36)
Profit attributable to owners of the parent	2,927	3,317	(12)	7,215	11,107	(35)
Total comprehensive income attributable to owners of the parent	<b>2,763</b>	<b>3,120</b>	(11)	<b>6,994</b>	<b>10,920</b>	(36)

**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:

		<b>3Q2019</b>	<b>3Q2018</b>	<b>Change</b>	<b>9M2019</b>	<b>9M2018</b>	<b>Change</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
1	Interest income	122	146	(16)	330	266	24
2	Interest on borrowings	(349)	(435)	(20)	(1,095)	(1,111)	(1)
3	Depreciation	(756)	(678)	12	(2,208)	(1,955)	13
4	Foreign exchange gain	170	8	2,023	218	464	(53)
5	Gain on disposal of plant and equipment	-	333	(100)	117	484	(76)
6	Other income	120	91	32	320	427	(25)
7	Government grant income	33	45	(27)	187	227	(18)
8	Other payables written back - Ensure vendors	1,100	640	72	1,100	640	72
9	Impairment of inventories	(59)	-	nm	(59)	-	nm
10	Impairment of trade receivables	(11)	-	nm	(11)	-	nm

**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**

	Group		Company	
	30/9/2019 S\$'000	31/12/2018 S\$'000	30/9/2019 S\$'000	31/12/2018 S\$'000
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	31,005	30,266	6,464	6,511
Right-of-use asset	3,762	-	-	-
Investment in subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
<b>Total non-current assets</b>	<b>64,319</b>	<b>59,818</b>	<b>7,814</b>	<b>7,861</b>
<b><u>Current assets</u></b>				
Asset held-for-sale	8,076	8,076	-	-
Inventories	8,683	10,095	-	-
Trade and other receivables	18,983	23,015	7,180	12,264
Other assets	10,530	11,624	565	641
Cash and cash equivalents	39,663	39,232	23,514	20,092
<b>Total current assets</b>	<b>85,935</b>	<b>92,042</b>	<b>31,259</b>	<b>32,997</b>
<b>Total assets</b>	<b>150,254</b>	<b>151,860</b>	<b>39,073</b>	<b>40,858</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(1,736)	(1,567)	(1,736)	(1,567)
Retained earnings	63,943	59,795	8,445	8,989
Other reserves	104	325	-	-
<b>Total equity</b>	<b>84,750</b>	<b>80,992</b>	<b>29,148</b>	<b>29,861</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	2,799	3,014	-	-
Other financial liabilities	4,900	5,815	-	-
Lease liabilities	3,633	-	-	-
Other payables	1,934	3,994	-	-
<b>Total non-current liabilities</b>	<b>13,266</b>	<b>12,823</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Liabilities held for sale under FRS 105	3,000	8,403	-	-
Income tax payable	890	1,016	129	75
Trade and other payables	10,371	13,488	796	1,322
Other financial liabilities-current	37,848	34,988	9,000	9,600
Lease liabilities	129	-	-	-
Other liabilities	-	150	-	-
<b>Total current liabilities</b>	<b>52,238</b>	<b>58,045</b>	<b>9,925</b>	<b>10,997</b>
<b>Total liabilities</b>	<b>65,504</b>	<b>70,868</b>	<b>9,925</b>	<b>10,997</b>
<b>Total equity and liabilities</b>	<b>150,254</b>	<b>151,860</b>	<b>39,073</b>	<b>40,858</b>

## 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 2019		As at 31 December 2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
19,265	21,583	26,634	16,757

### Amount repayable after one year

As at 30 September 2019		As at 31 December 2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,900	-	5,815	-

### Details of any collateral

1. Charge on motor vehicles of certain subsidiaries for finance lease liabilities
2. Borrowings drawdown for working capital are secured against mortgage on leasehold properties owned by Ensure Engineering Pte. Ltd., Austin Energy Offshore Pte. Ltd. and Nordic Group Limited.

**1(c) A 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**

	<b>3Q2019 \$'000</b>	<b>3Q2018 \$'000</b>	<b>9M2019 \$'000</b>	<b>9M2018 \$'000</b>
<b>Cash flows from operating activities:</b>				
Profit before tax	2,968	3,563	7,679	12,031
Adjustments for:				
Depreciation expense	756	678	2,208	1,955
Gains on disposal of plant and equipment	-	(333)	(117)	(484)
Interest income	(122)	(146)	(330)	(266)
Interest expense	349	435	1,095	1,111
Unrealised foreign exchange (gain)/loss	(551)	110	(522)	(549)
Operating cash flows before changes in working capital	3,400	4,307	10,013	13,798
Inventories	1,466	43	1,412	3,389
Trade and other receivables	(2,066)	(473)	4,031	74
Other assets	1,994	(2,812)	1,094	(6,891)
Trade and other payables	(2,628)	(416)	(5,179)	(5,291)
Other liabilities	(10)	(153)	(151)	(488)
Cash generated from operations	2,156	496	11,220	4,591
Income tax paid	(170)	(626)	(804)	(1,467)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,986</b>	<b>(130)</b>	<b>10,416</b>	<b>3,124</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(2,022)	(1,001)	(3,027)	(8,223)
Proceeds from disposal of plant and equipment	170	2,508	170	5,959
Interest received	122	146	330	266
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,730)</b>	<b>1,653</b>	<b>(2,527)</b>	<b>(1,998)</b>
<b>Cash flows from financing activities:</b>				
Other financial liabilities	(316)	(2,311)	(6,203)	(8,240)
Increase from new borrowings	2,865	-	2,865	10,000
Decrease in finance leases	(40)	(40)	(119)	(170)
Dividends paid	(1,681)	(3,062)	(3,067)	(6,493)
Purchase of treasury shares	-	(97)	(169)	(136)
Interest paid	(349)	(435)	(1,095)	(1,111)
<b>Net cash from / (used in) financing activities</b>	<b>479</b>	<b>(5,945)</b>	<b>(7,788)</b>	<b>(6,150)</b>
<b>Net increase / (decrease) in cash</b>	<b>735</b>	<b>(4,422)</b>	<b>101</b>	<b>(5,024)</b>
<b>Effect of foreign exchange rate adjustment</b>	<b>499</b>	<b>(290)</b>	<b>330</b>	<b>481</b>
<b>Cash balance at beginning of period</b>	<b>38,429</b>	<b>40,460</b>	<b>39,232</b>	<b>40,291</b>
<b>Cash at end of period</b>	<b>39,663</b>	<b>35,748</b>	<b>39,663</b>	<b>35,748</b>

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

	Attributable to shareholders of the company					Total equity
	Issued capital	Foreign currency translation reserve	Retained earnings	Statutory reserves	Treasury shares	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group - Q3</b>						
<u>Balance at 1 July 2019</u>	22,439	33	62,697	235	(1,736)	83,668
Total comprehensive income for the period	-	(164)	2,927	-	-	2,763
Dividends paid	-	-	(1,681)	-	-	(1,681)
<b>Balance at 30 September 2019</b>	22,439	(131)	63,943	235	(1,736)	84,750
<u>Balance at 1 July 2018</u>	22,439	290	59,322	235	(1,342)	80,944
Total comprehensive income for the period	-	(197)	3,317	-	-	3,120
Dividends paid	-	-	(3,062)	-	-	(3,062)
Purchase of treasury shares	-	-	-	-	(97)	(97)
<b>Balance at 30 September 2018</b>	22,439	93	59,577	235	(1,439)	80,905
<b>Group - 9 months</b>						
<u>Balance at 1 January 2019</u>	22,439	90	59,795	235	(1,567)	80,992
Total comprehensive income for the period	-	(221)	7,215	-	-	6,994
Dividend paid	-	-	(3,067)	-	-	(3,067)
Purchase of treasury shares	-	-	-	-	(169)	(169)
<b>Balance at 30 September 2019</b>	22,439	(131)	63,943	235	(1,736)	84,750
<u>Balance at 1 January 2018</u>	22,439	280	54,963	235	(1,303)	76,614
Total comprehensive income for the period	-	(187)	11,107	-	-	10,920
Dividend paid	-	-	(6,493)	-	-	(6,493)
Purchase of treasury shares	-	-	-	-	(136)	(136)
<b>Balance at 30 September 2018</b>	22,439	93	59,577	235	(1,439)	80,905

	Issued capital	Retained earnings	Treasury shares	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company - Q3</b>				
Balance at 1 July 2019	22,439	9,681	(1,736)	30,384
Total comprehensive income for the period	-	445	-	445
Dividend paid	-	(1,681)	-	(1,681)
<b>Balance at 30 September 2019</b>	22,439	8,445	(1,736)	29,148
Balance at 1 July 2018	22,439	11,748	(1,342)	32,845
Total comprehensive income for the period	-	184	-	184
Purchase of treasury shares	-	-	(97)	(97)
Dividend paid	-	(3,062)	-	(3,062)
<b>Balance at 30 September 2018</b>	22,439	8,870	(1,439)	29,870
<b>Company- 9 months</b>				
Balance at 1 January 2019	22,439	8,989	(1,567)	29,861
Total comprehensive income for the period	-	2,523	-	2,523
Dividend paid	-	(3,067)	-	(3,067)
Purchase of treasury shares	-	-	(169)	(169)
<b>Balance at 30 September 2019</b>	22,439	8,445	(1,736)	29,148
Balance at 1 January 2018	22,439	7,096	(1,303)	28,232
Total comprehensive income for the period	-	8,267	-	8,267
Purchase of treasury shares	-	-	(136)	(136)
Dividends paid	-	(6,493)	-	(6,493)
<b>Balance at 30 September 2018</b>	22,439	8,870	(1,439)	29,870

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

	3Q2019		2Q2019	
Issued and paid up capital	No. of shares	S\$'000	No. of shares	S\$'000
As at beginning of period	391,903,500	20,703	392,519,100	20,872
Less: Treasury shares bought during the period	-	-	(615,600)	(169)
<b>Total issued share capital excluding treasury shares as at end of period</b>	391,903,500	20,703	391,903,500	20,703

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 391,903,500 ordinary shares (31 December 2018: 392,519,100 ordinary shares).

As at 30 September 2019, the Company holds 8,096,500 treasury shares (31 December 2018: 7,480,900 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**

There was no sales, transfer, disposals, cancellations and/or use of treasury shares at the end of the current financial period reported on.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

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

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the Group's non-cancellable operating lease commitments as at 31 December 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the Group recognises a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) as shown on the statements of financial position. The impact on the consolidated statement of profit or loss is not material.

**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**

	3Q2019	3Q2018	9M2019	9M2018
<b>The Group</b>				
Net profit after tax attributable to equity holders of the Company (\$'000)	2,927	3,317	7,215	11,107
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	391,904	392,992	392,226	393,047
Earnings per share - basic/fully diluted (cents)	0.7	0.8	1.8	2.8

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

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

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value (\$'000)	84,750	80,992	29,148	29,861
Number of ordinary shares(excluding Treasury Shares) ('000)	391,904	392,519	391,904	392,519
Net asset value per share (cents)	21.6	20.6	7.4	7.6

**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 2019 ("3Q2019")**

**Revenue**

Our revenue decreased by approximately \$0.5 million or 2%, from approximately \$21.4 million in 3Q2018 to approximately \$20.9 million in 3Q2019. This was mainly due to decrease in revenue from project services of \$0.8 million as a result of less projects during the quarter. This decrease was offset by an increase in maintenance services segment in 3Q2019.

Business segment	3Q2019 \$'000	3Q2018 \$'000	Change \$'000	Change %
Project services	10,996	11,828	(832)	(7)
Maintenance services	9,896	9,557	339	4
<b>Total</b>	<b>20,892</b>	<b>21,385</b>	<b>(493)</b>	<b>(2)</b>

**Gross profit and gross profit margin**

Gross profit for 3Q2019 decreased approximately \$1.1 million or 19% from \$5.7 million in 3Q2018 to \$4.6 million in 3Q2019. Similarly, gross profit margin decreased from 26.6% in 3Q2018 to 22.1% in 3Q2019. The decrease was due to specific projects of lower margins during the quarter.

**Other income and gains**

Other income and gains increased approximately \$0.3 million or 22% from approximately \$1.3 million in 3Q2018 to \$1.5 million in 3Q2019 mainly due to increase in foreign exchange gain of \$0.2 million, other payables written back – Ensure vendors of \$0.5 million. This increase was offset by a decrease in gain of plant and equipment of \$0.3 million.

**Distribution costs**

Distribution costs decreased slightly by approximately \$12,000 or 8% from approximately \$158,000 in 3Q2018 to \$146,000 in 3Q2019.

**Administrative expenses**

Administrative expenses decreased approximately \$174,000 or 6% from approximately \$2.8 million in 3Q2018 to \$2.6 million in 3Q2019.

**Finance costs**

Interest expense decreased approximately \$86,000 or 20%, from approximately \$435,000 in 3Q2018 to approximately \$349,000 in 3Q2019 mainly due to less borrowings and lower interest rates.

**Other losses**

Other losses in 3Q2019 increased due to the impairment of inventories and trade receivable in 3Q2019.

**Income tax expense**

Effective tax rate decreased from approximately 6.9% in 3Q2018 to approximately 1.4% in 3Q2019 due to the utilization of carried forward capital allowances and merger & acquisition allowance.

**Review of performance for 9 months ended 30 September 2019 (“9M2019”)****Revenue**

Our revenue decreased by approximately \$8.7 million or 12%, from approximately \$70.2 million in 9M2018 to approximately \$61.4 million in 9M2019. This was mainly due to decrease in project services revenue and others segment as a result of less projects and absence of sale of carbon allowances in 9M2019. This decrease was offset by an increase in maintenance services revenue.

Business segment	9M2019 \$'000	9M2018 \$'000	Change \$'000	Change %
Project services	30,486	38,683	(8,197)	(21)
Maintenance services	30,950	27,699	3,251	12
Others	-	3,787	(3,787)	(100)
<b>Total</b>	<b>61,436</b>	<b>70,169</b>	<b>(8,733)</b>	<b>(12)</b>

**Gross profit and gross profit margin**

Gross profit for 9M2019 decreased by approximately \$4.4 million or 22%, from approximately \$19.7 million in 9M2018 to approximately \$15.3 million in 9M2019. Gross profit margin decreased from 28.1% in 9M2018 to 24.9% in 9M2019. The decrease was due to certain specific projects of lower margins.

**Other income and gains**

Other income and gains decreased approximately \$0.2 million or 9% from approximately \$2.5 million in 9M2018 to \$2.3 million in 9M2019 mainly due to less foreign exchange gain of \$0.2 million, lower gains on disposal of plant and equipment of \$0.4 million and sundry income of \$0.1 million. This decrease was offset by an increase in other payables written back – Ensure vendors of \$0.5 million.

**Distribution costs**

Distribution costs decreased approximately \$39,000 or 8% from approximately \$514,000 in 9M2018 to \$475,000 in 9M2019.

**Administrative expenses**

Administrative expenses decreased approximately \$0.3 million or 4% from \$8.5 million in 9M2018 to \$8.2 million in 9M2019.

**Finance costs**

Interest expense remained constant at \$1.1 million in 9M2018 and 9M2019.

**Income tax expense**

Effective tax rate decreased from approximately 7.7% in 9M2018 to approximately 6.0% in 9M2019 due to the utilization of carried forward capital allowances and merger & acquisition allowance.

**Statement of Financial Position Review (as at 30 September 2019 compared to 31 December 2018)****Non-current assets**

Non-current assets increased approximately \$4.5 million or 8% from approximately \$59.8 million as at 31 December 2018 to approximately \$64.3 million as at 30 September 2019. The increase was mainly due to recording of right-of-use asset due to the new accounting standard as described in paragraph 5 above.

**Current assets**

Current assets decreased approximately \$6.1 million or 7%, from approximately \$92.0 million as at 31 December 2018 to approximately \$85.9 million as at 30 September 2019. This was due to decrease in inventories of approximately \$1.4 million or 14% due to deliveries made during the period under review, decrease in trade and other receivables of approximately \$4.0 million or 18% due to collections from customers and decrease in other assets of approximately \$1.1 million or 9% due to less deposits and unbilled receivables.

**Non-current liabilities**

Non-current liabilities increased by approximately \$0.4 million or 3%, from approximately \$12.8 million as at 31 December 2018 to approximately \$13.3 million as at 30 September 2019 mainly due to the increase in lease liabilities resulting from the change in accounting standard as described in paragraph 5 above. This increase is offset by a decrease in other financial liabilities and other payables due to loan repayment, payment to the Ensure vendors and write back of other payables to Ensure vendors.

**Current liabilities**

Current liabilities decreased approximately \$5.8 million or 10%, from approximately \$58.0 million as at 31 December 2018 to approximately \$52.2 million as at 30 September 2019 mainly due to decrease in trade and other payables and other financial liabilities of approximately \$3.1 million and \$2.9 million respectively. These decreases were due to payment to suppliers and lower accrued expenses due to different period of comparison and repayment of borrowings.

## **Equity**

Our capital and reserves increased by approximately \$3.8 million or 4.6% from \$81.0 million as at 31 December 2018 to \$84.8 million as at 30 September 2019 mainly due to net profit less dividends from the quarter under review.

## **Statement of Cash Flows Review**

### **3Q2019**

We continued to maintain a healthy cash position with approximately \$39.7 million in cash and cash equivalents as at the end of 3Q2019.

In 3Q2019, net cash generated from operating activities amounted to approximately \$2.0 million compared to net cash used in operating activities of approximately \$0.1 million in 3Q2018. We generated net cash of approximately \$3.4 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$2.2 million. This was mainly due to cash inflow from decrease in inventories and other assets of approximately \$1.5 million and \$2.0 million respectively. This cash inflow is offset by cash outflow from increase in trade and other receivables and trade and other payables of approximately \$2.1 million and \$2.6 million respectively. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.2 million.

Net cash of approximately \$1.7 million used in investing activities was mainly due to purchase of plant and equipment.

Net cash of approximately \$0.5 million was generated from financing activities. This was mainly due to new borrowings offset by the dividend payment of approximately \$1.7 million and interest paid of \$0.3 million.

### **9M2019**

In 9M2019, net cash from operating activities amounted to approximately \$10.4 million compared to approximately \$3.1 million in 9M2018. We generated net cash of approximately \$10.0 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$11.2 million. This was mainly due to cash inflow from decrease in inventories, trade and other receivables and other assets of approximately \$1.4 million, \$4.0 million and \$1.1 million respectively. These cash inflows were mainly offset by cash outflow from decrease in trade and other payables of approximately \$5.2 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.8 million.

Net cash of approximately \$2.5 million used in investing activities was mainly due to purchase of plant and equipment of \$3.0 million. This was offset by proceeds from disposal of plant and equipment and interest received of \$0.2 million and \$0.3 million respectively.

Net cash of approximately \$7.8 million was used in financing activities. This was mainly due to the dividend payment of approximately \$3.1 million; purchase of treasury shares of \$0.2 million and repayment of financial liabilities, interest cost and finance lease of approximately \$4.6 million in total.

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

There is no variance between the prospect statement previously announced and the actual results of the current financial reporting period.

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

Our Group has outstanding orders amounting to approximately \$74.1 million comprising \$40.2 million from Projects Services segment and \$33.9 million from Maintenance Services segment as at 30 September 2019. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above.

The deliveries for these orders will spread within the next 36 months and as such, we expect to derive sustained revenue streams from these orders up to FY2021. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group's businesses serving largely the marine, oil and gas industries remain challenging. Amidst persistent weak oil prices, fluctuations in the exchange rate of the United States dollar against the Singapore dollar and the contagion effect from the fallout of some of the local oil and gas players, the Group's growth will be affected.

However, the Group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken and the opportunities for further M&A, the Group will continue to deliver value to shareholders.

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

**11. Dividend**

**(a) Current Financial Period Reported on 30 September 2019**

- (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 that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

### **15. 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 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Chang Yeh Hong**  
**Executive Chairman**  
**8 November 2019**