NORDIC GROUP LIMITED

(Registration No: 201007399N)

Condensed Interim Consolidated Financial Statements

For the half year ended 30 June 2021

Condensed Interim Consolidated Financial Statements

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half Year Ended 30 June 2021

	Notes	Group 1H2021 $'000	1H2020 $'000
Revenue		49,172	33,015
Cost of sales		(35,183)	(25,788)
Gross profit		13,989	7,227
Other income and gains	5	1,007	1,934
Distribution costs		(467)	(471)
Administrative expenses		(6,011)	(5,929)
Finance costs	6	(269)	(658)
Other losses		(80)	(35)
Profit before tax	7	8,169	2,068
Income tax expense	8	(372)	(198)
Profit for the period		7,797	1,870
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		198	154
Other comprehensive income for the year, net of tax:		198	154
Total comprehensive income for the period		7,995	2,024
Profit attributable to owners of the parent, net of tax		7,797	1,870
Total comprehensive income attributable to owners of the parent		7,995	2,024
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic and diluted	9	2.0	0.5

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Condensed Interim Statements of Financial Position

	Notes	Group 30/06/2021 $'000	Group 31/12/2020 $'000	Company 30/06/2021 $'000	Company 31/12/2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	33,376	34,801	6,063	6,160
Right-of-use assets		3,202	3,281	1,644	1,672
Goodwill	12	29,552	29,552	–	–
Intangible assets		194	360	–	–
Investments in subsidiaries		–	–	1,350	1,350
Deferred tax assets		200	–	–	–
Total non-current assets		66,524	67,994	9,057	9,182
Current assets					
Inventories		12,602	11,195	–	–
Trade and other receivables	13	21,610	21,364	23,092	16,054
Other assets	14	12,398	9,984	939	2,385
Cash and cash equivalents		56,194	57,512	25,896	31,795
Total current assets		102,804	100,055	49,927	50,234
Total assets		169,328	168,049	58,984	59,416
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	22,439	22,439	22,439	22,439
Treasury shares	15	(2,614)	(2,374)	(2,614)	(2,374)
Retained earnings		74,718	68,326	19,592	20,220
Other reserves	16	643	445	–	–
Total equity	17	95,186	88,836	39,417	40,285
Non-current liabilities					
Provisions	18	7	123	–	–
Deferred tax liabilities		2,780	2,859	37	37
Loans and borrowings	19	3,575	5,836	–	1,261
Financial liabilities – lease liabilities		3,256	3,369	1,662	1,679
Total non-current liabilities		9,618	12,187	1,699	2,977
Current liabilities					
Provisions	18	2,022	1,831	–	–
Income tax payable		923	948	–	125
Loans and borrowings	19	40,072	40,037	16,615	14,500
Financial liabilities – lease liabilities		266	319	37	37
Trade and other payables	20	20,833	22,987	1,216	1,492
Other non-financial liabilities	21	408	904	–	–
Total current liabilities		64,524	67,026	17,868	16,154
Total liabilities		74,142	79,213	19,567	19,131
Total equity and liabilities		169,328	168,049	58,984	59,416

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Condensed Interim Statements of Changes in Equity
Half Year Ended 30 June 2021

	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Other reserves $'000
Group:					
Current period:					
Opening balance at 1 January 2021	88,836	22,439	(2,374)	68,326	445
Changes in equity:					
Total comprehensive income for the period	7,995	–	–	7,797	198
Dividends paid (Note 10)	(1,405)	–	–	(1,405)	–
Purchase of treasury shares (Note 15)	(240)	–	(240)	–	–
Closing balance at 30 June 2021	95,186	22,439	(2,614)	74,718	643
Previous period:					
Opening balance at 1 January 2020	85,898	22,439	(1,736)	65,208	(13)
Changes in equity:					
Total comprehensive income for the period	2,024	–	–	1,870	154
Dividends paid (Note 10)	(1,635)	–	–	(1,635)	–
Purchase of treasury shares (Note 15)	(379)	–	(379)	–	–
Closing balance at 30 June 2020	85,908	22,439	(2,115)	65,443	141

	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Company:				
Current period:				
Opening balance at 1 January 2021	40,285	22,439	(2,374)	20,220
Changes in equity:				
Total comprehensive income for the period	777	–	–	777
Dividends paid (Note 10)	(1,405)	–	–	(1,405)
Purchase of treasury shares (Note 15)	(240)	–	(240)	–
Closing balance at 30 June 2021	39,417	22,439	(2,614)	19,592
Previous period:				
Opening balance at 1 January 2020	42,382	22,439	(1,736)	21,679
Changes in equity:				
Total comprehensive income for the period	1,431	–	–	1,431
Dividends paid (Note 10)	(1,635)	–	–	(1,635)
Purchase of treasury shares (Note 15)	(379)	–	(379)	–
Closing balance at 30 June 2020	41,799	22,439	(2,115)	21,475

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Consolidated Statement of Cash Flows
Half Year Ended 30 June 2021

	1H2021 $'000	1H2020 $'000
Cash flows from operating activities		
Profit before tax	8,169	2,068
Adjustments for:		
Interest expense	269	658
Interest income	(55)	(181)
Gain on disposal of property, plant and equipment	(30)	(2)
Depreciation of property, plant and equipment	1,809	1,644
Depreciation of right-of-use assets	79	92
Amortisation of intangible assets	166	166
Foreign exchange adjustment unrealised gain	(373)	(1,038)
Operating cash flows before changes in working capital	10,034	3,407
Inventories	(1,407)	(225)
Trade and other receivables	(246)	4,941
Other assets	(2,414)	3,353
Provisions	75	(89)
Trade and other payables	(2,154)	(3,866)
Other non-financial liabilities	(496)	305
Net cash flows from operations	3,392	7,826
Income taxes paid	(676)	(605)
Net cash flows from operating activities	2,716	7,221
Cash flows from investing activities		
Purchase of property, plant and equipment	(323)	(461)
Disposal of property, plant and equipment	46	21
Interest received	55	181
Net cash flows used in investing activities	(222)	(259)
Cash flows from financing activities		
Dividends paid to equity owners	(1,405)	(1,635)
Increase in loans and borrowings	–	9,000
Interest paid	(219)	(605)
Lease liabilities – principal and interest portion paid	(142)	(180)
Loans and borrowings paid	(2,226)	(142)
Purchase of treasury shares	(240)	(379)
Net cash flows (used in) / from financing activities	(4,232)	6,059
Net (decrease) / increase in cash and cash equivalents	(1,738)	13,021
Effects of exchange rate changes on the balance of cash held in foreign currencies	420	1,065
Cash and cash equivalents, statement of cash flows, beginning balance	57,512	43,200
Cash and cash equivalents, statement of cash flows, ending balance	56,194	57,286

Notes to the condensed interim consolidated financial statements
30 June 2021

1. General

The company is incorporated in Singapore with limited liability. The condensed interim consolidated financial statements for the half year ended 30 June 2021 ("1H2021") are presented in Singapore dollar and they cover the company and the subsidiaries (" collectively, the group")

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

2. Basis of preparation of the financial statements

The condensed interim consolidated financial statements for the half year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance of the group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

2.1 New and amended standards adopted by group

A number of amendments to Standards have become applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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 the financial reporting standard on 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 are not included within the two primary segments, are included in the "Others" 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.

The segments and the types 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.

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 measurement to evaluate segment's operating results is the earnings from operations before depreciation and amortisation, interests and income taxes (called "EBITDA").

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

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Project services	Maintenance services	Others	Elimination	Group
	$'000	$'000	$'000	$'000	$'000
1H2021					
Revenue by segment					
Total revenue by segment	26,154	25,772	–	(2,754)	49,172
Inter-segment sales	(2,504)	(250)	–	2,754	–
Total revenue	23,650	25,522	–	–	49,172
Recurring EBITDA	4,454	4,340	882	761	10,437
Inter-segment expenses	289	472	–	(761)	–
Adjusted EBITDA	4,743	4,812	882	–	10,437
Finance costs	(36)	(134)	(99)	–	(269)
Amortisation of intangible assets	(7)	(159)	–	–	(166)
	4,700	4,519	783	–	10,002
Unallocated:					
Interest income					55
Depreciation of property, plant and equipment					(1,809)
Depreciation of right-of-use assets					(79)
Income tax expenses					(372)
Profit for the period					7,797
1H2020					
Revenue by segment					
Total revenue by segment	15,933	18,068	–	(986)	33,015
Inter-segment sales	(784)	(202)	–	986	–
Total revenue	15,149	17,866	–	–	33,015
Recurring EBITDA	1,001	670	959	1,817	4,447
Inter-segment expenses	768	1,049	–	(1,817)	–
Adjusted EBITDA	1,769	1,719	959	–	4,447
Finance costs	(148)	(346)	(164)	–	(658)
Amortisation of intangible assets	(13)	(153)	–	–	(166)
	1,608	1,220	795	–	3,623
Unallocated:					
Interest income					181
Depreciation of property, plant and equipment					(1,644)
Depreciation of right-of-use assets					(92)
Income tax expenses					(198)
Profit for the period					1,870

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
As at 30 June 2021				
Reportable segment assets	6,523	3,279	–	9,802
Unallocated:				
Cash and cash equivalents				56,194
Inventories				12,602
Trade and other receivables, and other assets				24,206
Property, plant and equipment				33,376
Other non-current assets				33,148
Total group assets				169,328
As at 31 December 2020				
Reportable segment assets	3,887	3,956	–	7,843
Unallocated:				
Cash and cash equivalents				57,512
Inventories				11,195
Trade and other receivables, and other assets				23,505
Property, plant and equipment				34,801
Other non-current assets				33,193
Total group assets				168,049

4D. Liabilities and reconciliations

	Project services $'000	Maintenance services $'000	Others $'000	Group $'000
As at 30 June 2021				
Reportable segment liabilities	343	65	–	408
Unallocated:				
Provisions				2,029
Trade and other payables				20,833
Loans and borrowings				43,647
Financial liabilities – lease liabilities				3,522
Income tax payable and deferred tax liabilities				3,703
Total group liabilities				74,142

4. Financial information by operating segments (cont'd)

4D. Liabilities and reconciliations (cont'd)

	Project Services $'000	Maintenance services $'000	Others $'000	Group $'000
As at 31 December 2020				
Reportable segment liabilities	798	106	–	904
Unallocated:				
Provisions				1,954
Trade and other payables				22,987
Loans and borrowings				45,873
Financial liabilities – lease liabilities				3,688
Income tax payable and deferred tax liabilities				3,807
Total group liabilities				79,213

4E. Geographical information

	Revenue		Non-current assets	
	1H2021 $'000	1H2020 $'000	30/06/2021 $'000	31/12/2020 $'000
Group				
China	11,052	8,367	3,940	3,952
Singapore	38,120	24,648	62,584	64,042
	49,172	33,015	66,524	67,994

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

Capital expenditures of $323,000 (30 June 2020: $461,000) are recognised in respect of property, plant and equipment. Segment information is not available for capital expenditures as the information is not available and the cost to allocate to the segment would be excessive.

4G. Disaggregation of revenue

Revenue classified by type of good or service:

	Group	
	1H2021 $'000	1H2019 $'000
Services	32,858	21,488
Sale of goods	13,886	11,517
Construction contracts	2,428	10
Total revenue	49,172	33,015
Revenue classified by timing of revenue recognition:		
Point in time	13,886	11,517
Over time	35,186	21,498
Total revenue	49,172	33,015

5. Other income and gains and (other losses)

	Group	
	1H2021 $'000	1H2020 $'000
Allowance for impairment on trade receivables – loss	–	(35)
Reversal for impairment on other receivables – gain	3	–
Foreign exchange adjustments gains	481	1,525
Gain on disposal of property, plant and equipment	30	2
Government grant	151	–
Interest income	55	181
Allowance for impairment on inventories	(80)	–
Other payables to ex-shareholders of a subsidiary written back	–	150
Other income	287	76
Net	927	1,899
Presented in profit or loss as:		
Other income and gains	1,007	1,934
Other losses	(80)	(35)
Net	927	1,899

6. Finance costs

	Group	
	1H2021 $'000	1H2020 $'000
Interest expense	219	605
Interest on lease liabilities	50	53
Total finance costs	269	658

7. Additional information on the condensed interim consolidated statement of profit or loss

	Group	
	1H2021 $'000	1H2020 $'000
Amortisation of intangible asset	166	166
Depreciation of right-of-use asset	79	92
Depreciation of property, plant and equipment	1,809	1,644
Job Support Scheme included in administrative expense	560	467
Job Support Scheme and Foreign Workers Levy Rebate included in cost of sales	1,186	3,195

8. Income tax expense

The group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2021	1H2020
	$'000	$'000
Current tax expense:		
Current tax expense	651	261
Deferred tax income		
Deferred tax income	(279)	(63)
Total income tax expense	372	198

9. 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	
	1H2021	1H2020
	$'000	$'000
Numerators: earnings attributable to equity:		
Profit attributable to equity holders	7,797	1,870
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	388,360	390,932

The weighted average number of ordinary shares refers to shares in issue 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.

10. Dividends on equity shares

	Group and Company		Group and Company	
	Rate per share			
	1H2021	1H2020	1H2021	1H2020
	cents	cents	$'000	$'000
Final tax exempt (one-tier) dividend paid	0.362	0.419	1,405	1,635

11. Property, plant and equipment

During the half year ended 30 June 2021, the group acquired assets amounting to $323,000 (30 June 2020: $461,000) and disposed of assets with net book value amounting to $16,000 (30 June 2020: $19,000)

12. Goodwill

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Cost:		
At beginning and end of the period/year	29,552	29,552

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	
	30/06/2021	31/12/2020
	$'000	$'000
Name of subsidiary:		
Multiheight Scaffolding Pte Ltd	12,292	12,292
Austin Energy (Asia) Pte Ltd	10,159	10,159
Ensure Engineering Pte Ltd	7,101	7,101
Net book value at end of the period/year	29,552	29,552

The goodwill was tested for impairment at the end of the reporting year 31 December 2020. No impairment allowance was required because the carrying amounts of all cash-generating units were lower than their estimated recoverable amounts. The recoverable amounts of cash-generating units have been measured based on the value in use method. The value in use was measured by management. 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 ("CGU") are consistent with those used for the measurement last performed and are as follows:

		Group
		31/12/2020
		$'000
	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%
	Austin Energy (Asia) Pte Ltd	15%
	Ensure Engineering Pte Ltd	13%
2.	Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years
3.	Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	1.4%

Actual outcomes could vary from these estimates. If the revised estimated revenue had been 10% less favourable than management's estimates, if the revised estimated gross margin had been 10% less favourable than management's estimates or if the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1 percent point higher than management's estimates, there would not be a need to impair the carrying amount of goodwill.

Management's calculation of value in use took into account projects on hand and the effect of the projects that were delayed due to Covid-19.

13. Trade and other receivables

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	21,406	21,219	–	–
Less allowance for impairment	(368)	(368)	–	–
Subsidiaries	–	–	23,092	16,054
Retention receivables	499	459	–	–
Net trade receivables – subtotal	21,537	21,310	23,092	16,054
Other receivables:				
Outside parties	153	137	–	–
Less allowance for impairment	(80)	(83)	–	–
Net other receivables – subtotal	73	54	–	–
Total trade and other receivables	21,610	21,364	23,092	16,054

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Movements in above allowance on trade receivables:				
At beginning of the period/year	368	3,339	–	–
Charge for trade receivables to profit or loss included in other losses	–	35	–	–
Reversed for trade receivables to profit or loss included in cost of sales	–	(1,096)	–	–
Foreign exchange adjustments	–	(4)	–	–
Used	–	(1,906)	–	–
At end of the period/year	368	368	–	–
Movements in above allowance on other receivables:				
At beginning of the period/year	83	–	–	–
(Reversal) / Charge for other receivables to profit or loss included in other losses	(3)	83	–	–
At end of the period/year	80	83	–	–

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the Covid-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

There are no collateral held as security and other credit enhancements for the trade receivables.

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 to 90 days (2020: 30 to 90 days). But some customers take a longer period to settle the amounts.

13. Trade and other receivables (cont'd)

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

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Top 1 customer	4,687	3,055
Top 2 customers	6,616	5,045
Top 3 customers	8,474	6,091

14. Other assets

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Contract assets	703	534	–	–
Unbilled revenue	9,099	7,268	927	2,339
Prepayments	445	347	3	35
Advances to suppliers	1,488	1,248	–	–
Deposits to secure services	609	558	9	11
Others	54	29	–	
	12,398	9,984	939	2,385

15. Share capital

Current period:	Number of shares issued '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company				
Ordinary shares of no par value:				
Opening balance at 1 January 2021	388,900	22,439	(2,374)	20,065
Treasury shares purchased (a)	(900)	–	(240)	(240)
At end of the period 30 June 2021	388,000	22,439	(2,614)	19,825
Previous period:				
Group and Company				
Ordinary shares of no par value:				
Opening balance at 1 January 2020	391,904	22,439	(1,736)	20,703
Treasury shares purchased (a)	(1,713)	–	(379)	(379)
At end of the period 30 June 2020	390,191	22,439	(2,115)	20,324
Treasury shares purchased (a)	(1,291)	–	(259)	(259)
At end of the period 31 December 2020	388,900	22,439	(2,374)	20,065

The ordinary shares of no par value 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 and renewed at the annual general meeting on 26 April 2021. During the reporting period, the company acquired 900,000 ordinary shares (30 June 2020: 1,712,500 ordinary shares) on the Singapore Stock Exchange and held as treasury shares. The total is 12,000,000 (30 June 2020: 9,809,000) treasury shares. There is no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the period/year.

16. Other reserves

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Foreign currency translation reserve (Note 16A)	408	210
Statutory reserve (Note 16B)	235	235
Total at the end of the period/year	643	445

16A. Foreign currency translation reserve

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
At beginning of the period/year	210	(248)
Exchange differences on translating foreign operations	198	458
At end of the period/year	408	210

The currency translation reserve accumulates all foreign exchange differences.

16B. Statutory reserve

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
At beginning and end of the period/year	235	235

The subsidiaries in the People's Republic of 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 the People's Republic of China.

17. Net asset value per share

The following table illustrates the numerators and denominators used to calculate net asset value per share of no par value:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Numerators: net asset value	95,186	88,836	39,417	40,285
	'000	'000	'000	'000
Denominators: number of ordinary equity shares	388,000	388,900	388,000	388,900
Net asset value per share (cents)	24.5	22.8	10.2	10.4

18. Provisions

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Non-current:		
Warranties	7	123
Total non-current portion	7	123
Current:		
Warranties	2,022	1,831
Total current portion	2,022	1,831
Total non-current and current	2,029	1,954

Certain products are covered by product warranty plans of varying periods. If the customer has the option to purchase a warranty separately or is negotiated separately, the warranty is accounted as a performance obligation and a portion of the transaction price is allocated to that performance obligation and recognised as revenue over the period the warranty services are provided. The warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure.

19. Loans and borrowings

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Non-current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 19A)	3,575	4,575	–	–
Financial instruments with fixed interest rates:				
Bank loan (secured) (Note 19A)	–	1,261	–	1,261
Total non-current portion	3,575	5,836	–	1,261
Current:				
Financial instruments with floating interest rates:				
Bank loans (secured) (Note 19A)	25,100	23,000	14,100	12,000
Bank loans (Note 19B)	12,457	11,600	–	–
Invoice financing (Note 19B)	–	2,937	–	–
Financial instruments with fixed interest rates:				
Bank loans (secured) (Note 19A)	2,515	2,500	2,515	2,500
Total current portion	40,072	40,037	16,615	14,500
Total non-current and current	43,647	45,873	16,615	15,761
Presented as:				
Secured	31,190	31,336	16,615	15,761
Unsecured	12,457	14,537	–	–
Total loans and borrowings	43,647	45,873	16,615	15,761

19. Loans and borrowings (cont'd)

The non-current portion is repayable as follows:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	3,575	5,836	–	1,261

The range of floating interest rates paid was as follows:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Bank loans and invoice financing	1% to 1.45%	1% to 3.2%	1% to 1.03%	1% to 2.6%

The range of fixed interest rates paid was as follows:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Bank loans	1.20%	1.20%	1.20%	1.20%

19A. Loans and borrowings (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.
3. Subject to certain financial covenants.
4. The bank loans comprise:
    a. Short term borrowings with an average maturity period of 1 to 3 months and are settled at the end of maturity period.
    b. Loan repayable in 16 semi-annual instalments of $1,000,000 from June 2017.
    c. Loan repayable in 30 quarterly instalments of $200,000 from June 2018. Although the loan is for a period of 7.5 years from June 2018, it has been classified as "current" because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period/year.
    d. Loan repayable over 2 years from September 2020 with quarterly instalments of $633,467. The weighted average interest rate is 1.35% per annum.

19. Loans and borrowings (cont'd)

19B. Bank loans and invoice financing

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. Subject to certain financial covenants.

3. Short term borrowings (invoice financing and money market loans) with an average maturity period of 1 to 3 months and are settled at the end of maturity period.

19C Bank facilities

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Undrawn borrowings and trade lines	56,152	59,209
Undrawn foreign exchange lines and interest rate swap	27,900	27,900
Total undrawn borrowing facilities	84,052	87,109

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.

20. Trade and other payables

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Outside parties and accrued liabilities	20,833	22,987	1,216	1,492

21. Other non-financial liabilities

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Deferred revenue	408	904

22. Financial instruments

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

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Financial assets:				
Financial assets at amortised cost	77,804	78,876	48,988	47,849
Financial liabilities:				
Financial liabilities at amortised cost	68,002	72,548	19,530	18,969

23. Commitments

	Company	
	30/06/2021	31/12/2020
	$'000	$'000
Corporate guarantee in favour of subsidiaries	27,356	30,504

	Group	
	30/06/2021	31/12/2020
	$'000	$'000
Total commitments on short-term leases at period / year end date	1,717	1,390

24. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

NORDIC GROUP LIMITED

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The condensed interim consolidated financial statements for period ended 30 June 2021 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the group

Review of performance for half-year ended 30 June 2021 ("1H2021")

Revenue
The group's revenue increased by approximately $16.2 million or 49%, from approximately $33.0 million in 1H2020 to approximately $49.2 million in 1H2021. This increase was attributable to the resumption of business activities to pre-Covid level and a marked pick-up in momentum for both the Project and Maintenance Services.

Business segment	1H2021	1H2020	Change	Change
	$'000	$'000	$'000	%
Project services	23,650	15,149	8,501	56
Maintenance services	25,522	17,866	7,656	43
Total	**49,172**	**33,015**	**16,157**	49

Gross profit and gross profit margin
Gross profit for 1H2021 increased by approximately $6.8 million or 94% from $7.2 million in 1H2020 to approximately $14.0 million in 1H2021. Gross profit margin increased from 21.9% in 1H2020 to approximately 28.4% in 1H2021 mainly due to higher revenue from the recovery of business activities to pre-Covid level. Excluding the government rebates and grants such as wage credit scheme, jobs support scheme, foreign workers levy rebate and foreign workers levy waiver, the gross profit margins were 26.0% for 1H2021 and 12.2% for 1H2020.

Other income and gains
Other income and gains decreased approximately $0.9 million or 48% from approximately $1.9 million in 1H2020 to $1.0 million in 1H2021 mainly due to lower foreign exchange gains as USD to SGD exchange rate dropped during the period under review.

Distribution costs
Distribution costs remained constant at approximately $0.5 million.

Administrative expenses
Administrative expenses remained constant at approximately $6.0 million.

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

Other losses
Other losses of approximately $80,000 for 1H2021 was allowance for impairment in inventories while $35,000 for 1H2020 was allowance for impairment of trade receivables.

Income tax expenses
Effective income tax rates were at approximately 5% for 1H2021 and 10% for 1H2020. The effective tax rate is lower than the statutory rate of 17% mainly due to the utilization of merger & acquisition allowance, unutilised capital allowances and tax losses carried forward.

2. Review of performance of the group (cont'd)

Statement of Financial Position Review (as at 30 June 2021 compared to 30 December 2020)

Non-current assets
Non-current asset decreased approximately $1.5 million or 2% from approximately $68.0 million as at 31 December 2020 to approximately $66.5 million as at 30 June 2021. The decrease was mainly due to depreciation charge of property, plant and equipment and amortisation expense of intangible asset during the period under review. This decrease was offset by deferred tax asset of $0.2 million.

Current assets
Current asset increased approximately $2.7 million or 3% from approximately $100.0 million as at 31 December 2020 to $102.8 million as at 30 June 2021. This increase was mainly due to higher inventories, unbilled revenue and contract assets of $3.4 million and advance to suppliers of $0.2 million with increased revenue. These increases were offset by a decrease in cash and cash equivalent.

Equity
Our capital and reserves increased approximately $6.4 million or 7% as at 30 June 2021. The increase was due to retention of net profit from 1H2021 of approximately $7.8 million. This was offset by dividend payment of $1.4 million.

Non-current liabilities
Non-current liabilities decreased by approximately $2.6 million or 21% from approximately $12.2 million as at 31 December 2020 to approximately $9.6 million as at 30 June 2021. The decrease was mainly due to repayment of loans and borrowings of approximately $2.3 million.

Current liabilities
Current liabilities decreased approximately $2.5 million or 4%, from approximately $67.0 million as at 31 December 2020 to $64.5 million as at 30 June 2021. The decrease was due to payment to suppliers of approximately $2.1 million.

Statement of Cash Flows Review

1H2021

In 1H2021, net cash generated from operating activities amounted to approximately $2.7 million. We generated net cash of approximately $10.0 million from operating profits before working capital changes. Working capital changes cash outflow was approximately $6.7 million. This was mainly due to increase in inventories, other assets, trade and other receivables, decrease in trade and other payables and other non-financial liabilities. Operating cash flow from operations of $3.4 million was reduced by income tax payments of approximately $0.7 million.

Net cash of approximately $0.2 million was used in investing activities, mainly from the purchase of property, plant and equipment of approximately $0.3 million. This cash outflow was offset by interest received and proceed from disposal of property, plant and equipment of approximately $0.1 million.

Net cash of approximately $4.2 million was used in financing activities. This was due to dividend payment of approximately $1.4 million, repayment of loans and borrowings and interest payment of approximately $2.4 million, purchase of treasury shares and lease liabilities – principal and interest portion paid of $0.4 million.

3. 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.

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

Our group has outstanding orders amounting to approximately $135.3 million comprising $60.1 million from Projects Services segment and $75.2 million from Maintenance Services segment as at 30 June 2021. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included in our order book reporting.

The deliveries for these orders will spread within the next 36 months and as such, we expect to derive sustained revenue streams from these orders up to FY2023. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

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

Barring unforeseen circumstances, the group expects its business performance for the full year 2021 to show a resilient recovery to pre-Covid level. In tandem with this robust recovery, profits and cashflow are expected to improve and with the special dividend declared for 2021, the group expects to increase its total dividend payout significantly in 2021 compared to 2020.

5. Dividends

In appreciation of the continual support and faith of the group's shareholders, along with the group's improved profitability and strong cashflow, the Board of Directors has declared an interim dividend of 0.780 cents and a special dividend of 0.200 cents bringing total dividend payout for 1H2021 to 0.980 cents per ordinary share to all shareholders. This is an increase of about 5.2 times over 1H2020 dividend payout of 0.187 cents per ordinary share.

The interim and special dividends will be paid on 3 September 2021.

(i) 30 June 2021

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date payable	Book closure date
Interim	Cash	0.780 cents	Tax exempt (One tier)	3 September 2021	20 August 2021
Special	Cash	0.200 cents	Tax exempt (One tier)	3 September 2021	20 August 2021

5. Dividends (cont'd)

Duly completed transfers received by Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00pm on 20 August 2021 will be registered before entitlements to the dividends are determined.

(ii) 30 June 2020

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate
Interim	Cash	0.187 cents	Tax exempt (One tier)

(iii) Breakdown of the total interim and special dividend (in dollar value)

	1H2021 $'000	1H2020 $'000
Proposed interim dividend paid of 0.780 (2020:0.187) cents per share	3,026 *	730
Proposed special dividend paid of 0.200 (2020:Nil) cents per share	776 *	–
Total interim and special dividend	3,802	730

*Based on 388,000,000 ordinary shares being total issued share capital excluding treasury shares as at 30 June 2021

6. 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).

7. Confirmation that the issuer has procured undertaking 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).

8. 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 condensed interim consolidated financial statement for the financial period ended 30 Jun 2021 to be false or misleading in any material aspect.

By Order Of The Board

Chang Yeh Hong
Executive Chairman
6 August 2021