NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

1Q2018 Financial Statement and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE PERIOD ENDED 31 MARCH 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1Q2019 S$'000	1Q2018 S$'000	Change %
Revenue	19,506	22,708	(14)
Cost of sales	(14,169)	(15,863)	(11)
Gross profit	**5,337**	**6,845**	(22)
Other income and gains	438	566	(23)
Distribution costs	(165)	(214)	(23)
Administrative expenses	(2,822)	(2,913)	(3)
Finance costs	(388)	(357)	9
Other losses	(136)	(246)	(45)
Profit before tax from continuing operations	**2,264**	**3,681**	(38)
Income tax expense	(204)	(240)	(15)
Profit for the year	**2,060**	**3,441**	(40)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	86	92	(7)
Total comprehensive income for the year	**2,146**	**3,533**	(39)
Profit attributable to owners of the parent	2,060	3,441	(40)
Total comprehensive income attributable to owners of the parent	2,146	3,533	(39)

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:

		1Q2019 $'000	1Q2018 $'000	Change %
1	Interest income	97	75	29
2	Interest on borrowings	(388)	(357)	9
3	Depreciation	(717)	(708)	1
4	Foreign exchange loss	(136)	(246)	(45)
5	Gain on disposal of plant and equipment	116	184	(37)
6	Other income	81	146	(45)
7	Government grant income	144	161	(11)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/3/2019 S$'000	31/12/2018 S$'000	31/3/2019 S$'000	31/12/2018 S$'000
Assets				
Non-current assets				
Property, Plant and Equipment	30,122	30,266	6,582	6,511
Right-of-use asset	4,023	-	-	-
Investment in Subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
Total non-current assets	63,697	59,818	7,932	7,861
Current assets				
Asset Held-for-Sale	8,076	8,076	-	-
Inventories	10,028	10,095	-	-
Trade and Other Receivables	19,371	23,015	11,342	12,264
Other Assets	12,525	11,624	694	641
Cash and Cash Equivalents	39,986	39,232	20,702	20,092
Total current assets	89,986	92,042	32,738	32,997
Total assets	153,683	151,860	40,670	40,858
Equity and liabilities				
Equity attributable to the owners of the parent				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(1,567)	(1,567)	(1,567)	(1,567)
Retained earnings	61,855	59,795	9,137	8,989
Other reserves	411	325	-	-
Total equity	83,138	80,992	30,009	29,861
Non-current liabilities				
Deferred tax liabilities	2,950	3,014	-	-
Other financial liabilities	5,918	5,815	-	-
Lease liabilities	3,727	-	-	-
Other payables	3,894	3,994	-	-
Total non-current liabilities	16,489	12,823	-	-
Current liabilities				
Liabilities held for sale under FRS 105	8,403	8,403		-
Income tax payable	1,150	1,016	128	75
Trade and other payables	11,078	13,488	1,133	1,322
Other financial liabilities-current	32,983	34,988	9,400	9,600
Lease liabilities	296	-	-	-
Other liabilities	146	150	-	-
Total current liabilities	54,056	58,045	10,661	10,997
Total liabilities	70,545	70,868	10,661	10,997
Total equity and liabilities	153,683	151,860	40,670	40,858

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

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
25,081	16,305	26,634	16,757

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
5,918	-	5,815	-

Details of any collateral

1. Charge on motor vehicles of certain subsidiaries for finance lease liabilities
2. Borrowings drawndown 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 statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q2019 $'000	1Q2018 $'000
Cash flows from operating activities:		
Profit before tax	2,264	3,681
Adjustments for:		
Depreciation expense	717	708
Gains on disposal of plant and equipment	(116)	(184)
Interest income	(97)	(75)
Interest expense	388	357
Unrealised foreign exchange loss	109	392
Operating cash flows before changes in working capital	3,265	4,879
Inventories	67	(193)
Trade and other receivables	3,644	1,118
Other assets	(901)	(1,542)
Trade and other payables	(2,511)	(2,537)
Other liabilities	(4)	(395)
Cash generated from operations	3,560	1,330
Income tax paid	(133)	(257)
Net cash generated from operating activities	3,427	1,073
Cash flows from investing activities:		
Purchase of property, plant and equipment	(309)	(363)
Proceeds from disposal of plant and equipment	-	3,446
Interest received	97	75
Net cash (used in)/generated from investing activities	(212)	3,158
Cash flows from financing activities:		
Other financial liabilities	(1,863)	(5,307)
Decrease in finance leases	(40)	(39)
Purchase of treasury shares	-	(31)
Interest paid	(388)	(357)
Net cash used in financing activities	(2,291)	(5,734)
Net increase / (decrease) in cash	924	(1,503)
Effect of foreign exchange rate adjustments	(170)	(314)
Cash balance at beginning of period	39,232	40,291
Cash at end of period	39,986	38,474

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the company						Total equity
	Issued Capital	Foreign Currency Translation Reserve	Retained Earnings	Statutory Reserves	Treasury Shares	Parent Sub-Total	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group - Q1							
Balance at 1 January 2019	22,439	90	59,795	235	(1,567)	80,992	80,992
Total comprehensive income for the period	-	86	2,060	-	-	2,146	2,146
Balance at 31 March 2019	22,439	176	61,855	235	(1,567)	83,138	83,138
Group - Q1							
Balance at 1 January 2018	22,439	280	54,961	235	(1,303)	76,612	76,612
Total comprehensive income for the period	-	92	3,441	-	-	3,533	3,533
Purchase of treasury shares	-	-	-	-	(31)	(31)	(31)
Balance at 31 March 2018	22,439	372	58,402	235	(1,334)	80,114	80,114

	Issued Capital	Retained Earnings	Treasury Shares	Total equity
	S$'000	S$'000	S$'000	S$'000
Company - Q1				
Balance at 1 January 2019	22,439	8,989	(1,567)	29,861
Total comprehensive income for the period	-	148	-	148
Balance at 31 March 2019	22,439	9,137	(1,567)	30,009
Company - Q1				
Balance at 1 January 2018	22,439	7,096	(1,303)	28,232
Total comprehensive income for the period	-	(93)	-	(93)
Purchase of treasury shares	-	-	(31)	(31)
Balance at 31 March 2018	22,439	7,003	(1,334)	28,108

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

	1Q2019		4Q2018	
Issued and paid up capital	**No. of shares**	**S$'000**	**No. of shares**	**S$'000**
As at beginning of period	392,519,100	20,872	392,836,600	21,000
Less: Treasury shares bought during the period	-	-	(317,500)	(128)
Total issued share capital excluding treasury shares as at end of period	392,519,100	20,872	392,519,100	20,872

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 immediate 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 392,519,100 ordinary shares (31 December 2018: 392,519,100 ordinary shares).

As at 31 March 2019, the Company holds 7,480,900 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 other sale, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2019.

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

	1Q2019	1Q2018
The Group		
Net profit after tax attributable to equity holders of the Company ($'000)	2,060	3,441
Weighted average number of ordinary shares (excluding Treasuring Shares) ('000)	392,519	393,102
Earnings per share - basic/fully diluted (cents)	0.5	0.9

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

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

	Group		Company	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Net asset value ($'000)	83,138	80,992	30,009	29,861
Number of ordinary shares excluding treasury shares ('000)	392,519	392,519	392,519	392,519
Net asset value per share (cents)	21.2	20.6	7.6	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 31 March 2019 ("1Q2019")

Revenue

Our revenue decreased by approximately $3.2 million or 14%, from approximately $22.7 million in 1Q2019 to approximately $19.5 million in 1Q2019. This was due to decrease in revenue from the Project Services segment as there was less projects in 1Q2019.

Business Segment	1Q2019 $'000	1Q2018 $'000	Change $'000	Change %
Project Services	9,722	13,364	(3,642)	(27)
Maintenance Services	9,784	9,344	440	5
Total	**19,506**	**22,708**	**(3,202)**	(14)

Gross profit and gross profit margin

Gross profit for 1Q2019 decreased by approximately $1.5 million or 22%, from approximately $6.8 million in 1Q2018 to approximately $5.3 million in 1Q2019. Accordingly, gross profit margin reduced from 30.1% in 1Q2018 to 27.4% in 1Q2019.

Other income and gains

Other income and gains decreased approximately $128,000 or 23% from approximately $566,000 in 1Q2018 to $438,000 in 1Q2019 mainly due to decrease in sundry income.

Distribution costs

Distribution costs decreased approximately $49,000 or 23% from approximately $214,000 in 1Q2018 to $165,000 in 1Q2019, mainly due to less marketing costs incurred.

Administrative expenses

Administrative expenses decreased slightly at $90,000 or 3% from $2.9 million in 1Q2018 to $2.8 million in 1Q2019.

Finance costs

Interest expense increased approximately $31,000 or 9%, from approximately $357,000 in 1Q2018 to approximately $388,000 in 1Q2019 mainly due to higher interest from increase in interest rates.

Other losses

Other losses decreased approximately $110,000 or 45% from approximately $246,000 in 1Q2018 to $136,000 in 1Q2019, mainly due to less unrealized foreign exchange loss from converting United States Dollars to Singapore Dollars.

Income tax expense

Effective tax rate was 9.0% in 1Q2019 compared to 6.5% in 1Q2018. The effective tax rates is lower than the statutory rate of 17% mainly due to merger & acquisition allowances.

Statement of Financial Position Review (as at 31 March 2019 compared to 31 December 2018)

Non-current assets
Non-current assets increased approximately $3.9 million or 6% from approximately $59.8 million as at 31 December 2018 to approximately $63.7 million as at 31 March 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 $2.1 million or 2%, from approximately $92.0 million as at 31 December 2018 to approximately $90.0 million as at 31 March 2019. This was due to decrease in trade and other receivables of approximately $3.6 million from collections from customers. These decreases were offset by increase in other assets and cash and cash equivalents of approximately $0.9 million and $0.8 million respectively.

Non-current liabilities
Non-current liabilities increased by approximately $3.7 million or 29%, from approximately $12.8 million as at 31 December 2018 to approximately $16.5 million as at 31 March 2019 mainly due to the increase in lease liabilities due to the change in accounting standard as described in paragraph 5 above.

Current liabilities
Current liabilities decreased approximately $4.0 million or 7%, from approximately $58.0 million as at 31 December 2018 to approximately $54.1 million as at 31 March 2019 mainly due to decrease in trade and other payables and other financial liabilities of approximately $2.4 million and $2.0 million respectively. These are due to repayment to suppliers and borrowings.

Equity
Our capital and reserves increased by approximately $2.1 million or 2.7% from $81.0 million as at 31 December 2018 to $83.1 million as at 31 March 2019 mainly due to net profit from the quarter under review.

Statement of Cash Flows Review

1Q2019

We continued to maintain a healthy cash position with approximately $40.0 million in cash and cash equivalents as at the end of 1Q2019.

In 1Q2019, net cash from operating activities amounted to approximately $3.4 million compared to approximately $1.1 million in 1Q2018. We generated net cash of approximately $3.3 million from operating profits before working capital changes. Net cash from working capital amounted to approximately $0.3 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately $3.6 million. This was offset by cash outflow from increase in other assets of approximately $0.9 million and decrease in trade and other payables of approximately $2.4 million for payment to suppliers. Our operating cash flow from operations was reduced by income taxes payment of approximately $133,000.

Net cash of approximately $0.2 million was used in investing activities mainly for purchase of plant and equipment.

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

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

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

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

Our Group has order book amounting to approximately $95.5 million as at 31 March 2019 comprising $45.8 million from Projects Services segment and $49.7 million from Maintenance Services segment. 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 uncertainty in the economies due to the trade war between U.S.A and China, 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, oil and gas industries, petrochemical sectors, pharmaceutical and infrastructure industries.

11. Dividend

(a) Current Financial Period Reported on 31 March 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.

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2019.

13. Interested Person Transactions

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

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

The Board of Directors ("the Board") hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statement for the financial period ended 31 March 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chang Yeh Hong
Executive Chairman
9 May 2019