



**NORDIC**  
Group Limited

**NORDIC GROUP LIMITED**  
(Company Registration Number: 201007399N)

**Full Year Financial Statements and Related Announcement for the Year Ended 31 December 2015**

**PART I – INFORMATION REQUIRED FOR 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 YEAR ENDED 31 DECEMBER 2015**

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Q4 FY2015</b>	<b>Q4 FY2014</b>	<b>Change</b>	<b>Full year ended 31/12/2015</b>	<b>Full year ended 31/12/2014</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	21,108	20,559	3	80,491	72,424	11
Cost of Sales	(14,403)	(14,868)	(3)	(58,050)	(53,330)	9
<b>Gross Profit</b>	<b>6,705</b>	<b>5,691</b>	<b>18</b>	<b>22,441</b>	<b>19,094</b>	<b>18</b>
Interest Income	32	67	(52)	110	210	(48)
Finance Costs	(323)	(129)	150	(982)	(573)	71
Marketing and Distribution Costs	(188)	(241)	(22)	(912)	(856)	7
Administrative Expenses	(2,645)	(2,686)	(2)	(10,669)	(9,339)	14
Other Gains	385	391	(2)	1,956	633	209
<b>Profit Before Tax from Continuing Operations</b>	<b>3,966</b>	<b>3,093</b>	<b>28</b>	<b>11,944</b>	<b>9,169</b>	<b>30</b>
Income Tax Expense	(648)	(549)	18	(1,439)	(1,303)	10
<b>Profit from Continuing Operations, Net of Tax</b>	<b>3,318</b>	<b>2,544</b>	<b>30</b>	<b>10,505</b>	<b>7,866</b>	<b>34</b>
<b>Other Comprehensive Income: Items that may be reclassified subsequently to Profit or Loss:</b>						
Exchange Differences on Translating Foreign Operations, Net of Tax	25	157	(84)	40	175	(77)
<b>Other Comprehensive Income, Net of Tax</b>	<b>25</b>	<b>157</b>	<b>(84)</b>	<b>40</b>	<b>175</b>	<b>(77)</b>
<b>Total Comprehensive Income</b>	<b>3,343</b>	<b>2,701</b>	<b>24</b>	<b>10,545</b>	<b>8,041</b>	<b>31</b>
<b>Profit Attributable to:</b>						
Owners of the Parent, Net of Tax	3,325	2,532	31	10,512	7,854	34
Non-Controlling Interests, Net of Tax	(7)	12	nm	(7)	12	nm
<b>Profit Net of Tax</b>	<b>3,318</b>	<b>2,544</b>	<b>30</b>	<b>10,505</b>	<b>7,866</b>	<b>34</b>
<b>Total Comprehensive Income Attributable to:</b>						
Owners of the Parent	3,350	2,689	25	10,552	8,029	31
Non-Controlling Interests	(7)	12	nm	(7)	12	nm
<b>Total Comprehensive Income</b>	<b>3,343</b>	<b>2,701</b>	<b>24</b>	<b>10,545</b>	<b>8,041</b>	<b>31</b>

nm: not meaningful

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

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

		Q4 FY2015	Q4 FY2014	Change	Full year ended 31/12/2015	Full year ended 31/12/2014	Change
		\$'000	\$'000	%	\$'000	\$'000	%
1	Interest income	32	67	(52)	110	210	(48)
2	Interest on borrowings	(323)	(129)	150	(982)	(573)	71
3	Depreciation and amortisation	(911)	(717)	27	(3,380)	(2,963)	14
4	Gain on disposal of plant and equipment	11	-	nm	495	1	nm
5	Allowance (reversal) for impairment on trade receivables	107	-	nm	118	(32)	nm
6	Foreign exchange gain	129	521	(75)	1,041	560	86
7	Inventory written back/(off)	27	(85)	nm	(85)	(85)	-
8	Loss on disposal of other financial asset	-	(49)	nm	-	(49)	nm
9	Loss on disposal of subsidiary	-	(43)	nm	-	(43)	nm

nm: not meaningful

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

**STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	31/12/2015 \$'000	31/12/2014 \$'000	31/12/2015 \$'000	31/12/2014 \$'000
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	8,988	7,315	-	-
Trade and Other Receivables	25,889	23,925	14,910	14,951
Other Assets	1,012	568	-	2
Cash and Cash Equivalents	35,566	32,799	11,230	13,057
<b>Total Current Assets</b>	<b>71,455</b>	<b>64,607</b>	<b>26,140</b>	<b>28,010</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	18,544	13,421	-	-
Investment in Subsidiaries	-	-	1,350	1,350
Intangible Asset	-	190	-	-
Goodwill	22,451	12,292	-	-
<b>Total Non-Current Assets</b>	<b>40,995</b>	<b>25,903</b>	<b>1,350</b>	<b>1,350</b>
<b>Total Assets</b>	<b>112,450</b>	<b>90,510</b>	<b>27,490</b>	<b>29,360</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Income Tax Payable	1,501	1,220	6	7
Trade and Other Payables	18,456	10,479	1,213	3,025
Other Financial Liabilities	20,984	22,210	-	-
<b>Total Current Liabilities</b>	<b>40,941</b>	<b>33,909</b>	<b>1,219</b>	<b>3,032</b>
<b>Non-Current Liabilities</b>				
Other Financial Liabilities	11,171	3,110	-	-
Deferred Tax Liabilities	958	200	-	-
<b>Total Non-Current Liabilities</b>	<b>12,129</b>	<b>3,310</b>	<b>-</b>	<b>-</b>
<b>Equity Attributable to Owners of the Parent</b>				
Share capital	22,439	22,439	22,439	22,439
Treasury share	(856)	-	(856)	-
Retained earnings	37,065	30,153	4,688	3,889
Other reserves	667	627	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>59,315</b>	<b>53,219</b>	<b>26,271</b>	<b>26,328</b>
Non-Controlling Interests	65	72	-	-
<b>Total Equity</b>	<b>59,380</b>	<b>53,291</b>	<b>26,271</b>	<b>26,328</b>
<b>Total Liabilities and Equity</b>	<b>112,450</b>	<b>90,510</b>	<b>27,490</b>	<b>29,360</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 31 December 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,223	11,761	437	21,773

### Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
10,921	250	1,816	1,294

### Details of any collateral

1. Charge on motor vehicles of certain subsidiaries for finance lease liabilities.
2. Borrowings drawn down in relation to the acquisition of the leasehold property is secured against mortgage on the property.
3. Borrowings drawn down in relation to the acquisition of Austin Energy (Asia) Pte Ltd ("Austin Energy") and its subsidiary, Austin Energy Offshore Pte. Ltd. (formerly known as "KKH (2003) Engineering Enterprises Pte. Ltd") ("Austin Energy Offshore", collectively known as "AE Group") is secured against mortgage on a leasehold property owned by Austin Energy Offshore.

**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**

	Q4 FY2015 \$'000	Q4 FY2014 \$'000	Full year ended 31/12/2015 \$'000	Full year ended 31/12/2014 \$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	3,966	3,093	11,944	9,169
Adjustments for:				
Depreciation expense	871	622	3,096	2,583
Amortization of intangible assets	40	95	284	380
Gain on disposal of plant and equipment	(11)	-	(495)	(1)
Loss on disposal of subsidiary	-	43	-	43
Loss on disposal of financial assets	-	(49)	-	(49)
Interest income	(32)	(67)	(110)	(210)
Interest expense	323	129	982	573
Dividend income	-	-	-	(150)
Unrealised foreign exchange gain	(347)	(114)	(171)	(175)
Operating cash flows before changes in working capital	4,810	3,752	15,530	12,163
Trade and other receivables	458	549	1,064	3,852
Other assets	30	757	43	748
Inventories	(345)	640	(1,272)	596
Trade and other payables	(2,445)	(969)	(4,001)	732
Cash generated from operations	2,508	4,729	11,364	18,091
Income tax paid	(117)	(360)	(2,116)	(1,047)
<b>Net cash generated from operating activities</b>	<b>2,391</b>	<b>4,369</b>	<b>9,248</b>	<b>17,044</b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries (net of cash acquired) *	-	-	(7,460)	-
Purchase of property, plant and equipment	(520)	(395)	(3,015)	(1,678)
Other financial assets	-	9,023	-	-
Dividend received	-	-	-	150
Disposal of property, plant and equipment	200	-	2,290	1
Interest received	32	67	110	210
<b>Net cash generated (used in) / from investing activities</b>	<b>(288)</b>	<b>8,695</b>	<b>(8,075)</b>	<b>(1,317)</b>
<b>Cash flows from financing activities:</b>				
Other financial liabilities	(3,160)	(395)	(13,318)	(6,977)
Purchase of treasury shares	(671)	-	(856)	-
Increase from new borrowings	5,000	2,664	20,239	10,614
Decrease in finance leases	(26)	(15)	(86)	(42)
Dividends paid	-	-	(3,600)	(1,000)
Interest paid	(323)	(129)	(982)	(573)
<b>Net cash generated from financing activities</b>	<b>820</b>	<b>2,125</b>	<b>1,397</b>	<b>2,022</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,923</b>	<b>15,189</b>	<b>2,570</b>	<b>17,749</b>
<b>Effect of foreign exchange rate changes on the balance of cash held in foreign currencies</b>	<b>361</b>	<b>92</b>	<b>197</b>	<b>198</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>32,282</b>	<b>17,518</b>	<b>32,799</b>	<b>14,852</b>
<b>Cash and cash equivalents at end of period</b>	<b>35,566</b>	<b>32,799</b>	<b>35,566</b>	<b>32,799</b>

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

	<u>Pre- acquisition book value under FRS \$'000</u>	<u>Provisional fair value \$'000</u>
<u>2015: AE Group</u>		
Property, plant and equipment	2,507	6,985
Inventories	400	400
Trade and other receivables	2,855	2,855
Other assets	487	487
Cash and cash equivalents	7,540	7,540
Trade and other payables	(1,058)	(1,058)
Income tax payables	(938)	(938)
Deferred tax liabilities	-	(777)
Net identifiable assets	11,793	15,494
Intangible arising on consolidation		94
Goodwill arising on consolidation		10,159
Purchase consideration		25,747
Amount payable to vendor of the acquired subsidiaries		(10,747)
Cash of subsidiaries acquired		(7,540)
Net cash flow used in acquisition of subsidiaries		7,460

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

#### STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the company							Total Equity S'000
	Issued Capital \$'000	Treasury Shares \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Statutory Reserves \$'000	Parent Sub- Total \$'000	Non- Controlling Interests \$'000	
<b>Group – Q4</b>								
<u>Balance at 1 October 2015</u>	22,439	(185)	407	33,740	235	56,636	72	56,708
Total comprehensive income for the period	-	-	25	3,325	-	3,350	(7)	3,343
Purchase of treasury shares	-	(671)	-	-	-	(671)	-	(671)
<b>Balance at 31 December 2015</b>	22,439	(856)	432	37,065	235	59,315	65	59,380
<u>Balance at 1 October 2014</u>	22,439	-	235	27,660	196	50,530	-	50,530
Total comprehensive income for the period	-	-	157	2,532	-	2,689	12	2,701
Contribution to subsidiary	-	-	-	-	-	-	60	60
Transfer to statutory reserve	-	-	-	(39)	39	-	-	-
<b>Balance at 31 December 2014</b>	22,439	-	392	30,153	235	53,219	72	53,291
<b>Group – 12 months</b>								
<u>Balance at 1 January 2015</u>	22,439	-	392	30,153	235	53,219	72	53,291
Total comprehensive income for the period	-	-	40	10,512	-	10,552	(7)	10,545
Dividends paid	-	-	-	(3,600)	-	(3,600)	-	(3,600)
Purchase of treasury shares	-	(856)	-	-	-	(856)	-	(856)
<b>Balance at 31 December 2015</b>	22,439	(856)	432	37,065	235	59,315	65	59,380
<u>Balance at 1 January 2014</u>	22,439	-	217	23,338	196	46,190	-	46,190
Total comprehensive income for the period	-	-	175	7,854	-	8,029	12	8,041
Contribution to subsidiary	-	-	-	-	-	-	60	60
Transfer to statutory reserve	-	-	-	(39)	39	-	-	-
Dividends paid	-	-	-	(1,000)	-	(1,000)	-	(1,000)
<b>Balance at 31 December 2014</b>	22,439	-	392	30,153	235	53,219	72	53,291

	Issued Capital \$'000	Treasury Shares \$'000	Retained Earnings \$'000	Total equity \$'000
<b>Company – Q4</b>				
Balance at 1 October 2015	22,439	(185)	432	22,686
Total comprehensive income for the period	-	-	4,256	4,256
Purchase of treasury shares	-	(671)	-	(671)
<b>Balance at 31 December 2015</b>	<b>22,439</b>	<b>(856)</b>	<b>4,688</b>	<b>26,271</b>
<b>Company – 12 months</b>				
Balance at 1 October 2014	22,439	-	1,750	24,189
Total comprehensive income for the period	-	-	2,139	2,139
<b>Balance at 31 December 2014</b>	<b>22,439</b>	<b>-</b>	<b>3,889</b>	<b>26,328</b>
<b>Company – 12 months</b>				
Balance at 1 January 2015	22,439	-	3,889	26,328
Total comprehensive income for the period	-	-	4,399	4,399
Dividends paid	-	-	(3,600)	(3,600)
Purchase of treasury shares	-	(856)	-	(856)
<b>Balance at 31 December 2015</b>	<b>22,439</b>	<b>(856)</b>	<b>4,688</b>	<b>26,271</b>
Balance at 1 January 2014	22,439	-	2,406	24,845
Total comprehensive income for the period	-	-	2,483	2,483
Dividends paid	-	-	(1,000)	(1,000)
<b>Balance at 31 December 2014</b>	<b>22,439</b>	<b>-</b>	<b>3,889</b>	<b>26,328</b>

**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**

	2015		2014	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Issued and paid up capital</b>				
As at 1 January	400,000,000	22,439	400,000,000	22,439
Less: Treasury shares	(4,669,200)	(856)	-	-
<b>Total issued share capital excluding Treasury shares as at 31 December</b>	<b>395,330,800</b>	<b>21,583</b>	<b>400,000,000</b>	<b>22,439</b>

	2015		2014	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Treasury shares</b>				
As at 1 January	-	-	-	-
Share buy-back	4,669,200	856	-	-
<b>Treasury shares balance as at 31 December</b>	<b>4,669,200</b>	<b>856</b>	<b>-</b>	<b>-</b>

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

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

The share capital of the Company, excluding treasury shares as at the end of the period was 395,330,800 ordinary shares (31 December 2014: 400,000,000 ordinary shares).

As at 31 December 2015, the Company holds 4,669,200 treasury shares (31 December 2014: Nil treasury shares).

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

The Company purchased and held 4,669,200 treasury shares (31 December 2014: Nil treasury shares) during the period. Except for the purchase, there was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 31 December 2015.

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

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

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

Not applicable.

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

The unaudited financial statements have been prepared by applying the same accounting policies and methods of computation as the most recently audited annual financial statements.

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

Similarly as disclosed in the results announcement for the period ended 30 September 2015, certain reclassification has been made to Q4FY2014 and full year ended 31 December 2014 to enhance comparability with Q4FY2015 and full year ended 31 December 2015. Accordingly, the cost of sales increased by \$1.28 million and \$5.32 million for Q4FY2014 and full year ended 31 December 2014 respectively and administrative expenses decreased by the same amount for both periods.

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

	Q4 FY2015	Q4 FY2014	Full year ended 31/12/2015	Full year ended 31/12/2014
<b><u>The Group</u></b>				
Net profit after tax attributable to equity holders of the Company (\$'000)	3,325	2,532	10,512	7,854
Weighted average number of ordinary shares (excluding Treasury Shares) ('000)	396,927	400,000	399,205	400,000
Earnings per share - basic/fully diluted (cents)	0.8	0.6	2.6	2.0

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value (\$'000)	59,315	53,219	26,271	26,328
Number of ordinary shares (excluding Treasury Shares) ('000)	395,331	400,000	395,331	400,000
Net asset value per share (cents)	15.0	13.3	6.6	6.6

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

**Review of performance for quarter ended 31 December 2015 ("4Q2015")**

**Revenue**

The Group's revenue increased by approximately \$0.5 million or 2.4%, from approximately \$20.6 million in 4Q2014 to approximately \$21.1 million in 4Q2015. The increase was mainly due to the revenue contribution from AE Group which was acquired on 2 June 2015. The fall in revenue from the Project Services segment was mainly due to delayed projects which will be completed in 2016.

Business Segment	4Q2015	4Q2014	Change	Change (%)
Project Services	\$13.7m	\$16.0m	(\$2.3m)	(14.4)
Maintenance Services	\$7.4m	\$4.6m	\$2.8m	60.9
Others	-	-	-	-
<b>Total</b>	<b>\$21.1m</b>	<b>\$20.6m</b>	<b>\$0.5m</b>	<b>2.4</b>

**Gross profit and gross profit margin**

Gross profit for 4Q2015 increased by approximately \$1.0 million or 17.5% from \$5.7 million in 4Q2014 to \$6.7 million in 4Q2015. Similarly, there is an increase in the gross profit margin from 27.7% in 4Q2014 to 31.8% in 4Q2015.

Gross profit for 4Q2015 was higher than 4Q2014 mainly due to contribution from AE Group.

**Finance costs**

Interest expense increased approximately \$0.2 million or 200.0% from \$0.1 million in 4Q2014 to \$0.3 million in 4Q2015 mainly due to the bank loan drawn down for the financing of the acquisition of AE Group in the current year.

**Marketing and distribution costs**

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

**Administrative expenses**

Administrative expenses remained relatively constant at approximately \$2.6 million.

## Other gains

Other gains of approximately \$0.4 million were recorded in 4Q2015, arising mainly from foreign exchange gains and reversal of impairment on trade receivables.

## Review of performance for the twelve months ended 31 December 2015 ("12M2015")

### Revenue

The Group's revenue increased by approximately \$8.1 million or 11.2%, from approximately \$72.4 million in 12M2014 to approximately \$80.5 million in 12M2015. The increase was due to the revenue contribution from AE Group which was acquired on 2 June 2015 as well as higher revenue from the Maintenance Services segments.

Business Segment	12M2015	12M2014	Change	Change (%)
Project Services	\$58.8m	\$57.3m	\$1.5m	2.6
Maintenance Services	\$21.7m	\$14.9m	\$6.8m	45.6
Others	-	\$0.2m	(\$0.2m)	(100.0)
<b>Total</b>	<b>\$80.5m</b>	<b>\$72.4m</b>	<b>\$8.1m</b>	<b>11.2</b>

### Gross profit and gross profit margin

Gross profit for 12M2015 increased approximately \$3.3 million or 17.3% from \$19.1 million in 12M2014 to \$22.4 million in 12M2015. Similarly, gross profit margin increased from 26.4% in 12M2014 to 27.9% in 12M2015.

Gross profit for 12M2015 was higher than 12M2014 mainly due to contribution from AE Group.

### Finance costs

Interest expense increased approximately \$0.4 million or 66.7%, from approximately \$0.6 million in 12M2014 to approximately \$1.0 million in 12M2015. This was mainly due to the bank loan drawn down for the financing of the acquisition of AE Group in the current year.

### Marketing and distribution costs

Marketing and distribution costs remained relatively constant at approximately \$0.9 million.

### Administrative expenses

Administrative expenses increased approximately \$1.4 million or 15.1% from \$9.3 million in 12M2014 to \$10.7 million in 12M2015. This was mainly due to administrative expenses of approximately \$1.2 million incurred by AE Group, which was acquired since 2 June 2015 and increase in employee benefits expense of approximately \$0.3 million.

### Other gains

Other gains of approximately \$2.0 million recorded in 12M2015, comprised mainly of foreign exchange gains of approximately \$1.0 million, gain on disposal of a subsidiary's leasehold property of approximately \$0.5 million and government grants received of approximately \$0.3 million.

## **Statement of Financial Position Review (as at 31 December 2015 compared to 31 December 2014)**

### **Non-current assets**

Non-current assets increased approximately \$15.1 million or 58.3% from approximately \$25.9 million as at 31 December 2014 to approximately \$41.0 million as at 31 December 2015.

The increase was mainly due to:

- (i) Inclusion of property, plant and equipment from AE Group of approximately \$6.6 million (inclusive of the fair value revaluation of the property, plant and equipment arising from the acquisition of AE Group).
- (ii) Goodwill arising from the acquisition of AE Group of approximately \$10.2 million.

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

### **Current assets**

Current assets increased approximately \$6.9 million or 10.7% from approximately \$64.6 million as at 31 December 2014 to approximately \$71.5 million as at 31 December 2015.

The increase was due to inclusion of current assets from AE Group of approximately \$12.5 million as at 31 December 2015. This increase was partially offset by a decrease in cash and cash equivalents of approximately \$3.7 million and decrease in trade and other receivables of approximately \$2.2 million.

### **Current liabilities**

Current liabilities increased approximately \$7.0 million or 20.6%, from approximately \$33.9 million as at 31 December 2014 to approximately \$40.9 million as at 31 December 2015.

The increase was due to:

- (i) Inclusion of current liabilities from AE Group of approximately \$12.2 million as at 31 December 2015.
- (ii) Trade and other payables of approximately \$5.6 million mainly due to the final consideration payment for the acquisition of AE Group, payable on 2 June 2016.

This increase was partially offset by a decrease in other financial liabilities of approximately \$10.8 million mainly due to repayment of short term bank borrowing.

### **Non-current liabilities**

Non-current liabilities increased by approximately \$8.8 million or 266.7%, from approximately \$3.3 million as at 31 December 2014 to approximately \$12.1 million as at 31 December 2015.

The increase was due to

- (i) Other financial liabilities of approximately \$8.1 million mainly due to the non-current portion of the bank loan drawn down for the acquisition of AE Group.
- (ii) Deferred tax liabilities of approximately \$0.8 million mainly due to inclusion of deferred tax liabilities resulting from the fair value revaluation of the property, plant and equipment arising from the acquisition of AE Group.

### **Equity**

Our capital and reserves increased by approximately \$6.2 million or 11.7% from \$53.2 million as at 31 December 2014 to \$59.4 million as at 31 December 2015 mainly due to the retention of net profit of approximately \$10.5 million for 12M2015, partially offset by distribution of dividends of approximately \$3.6 million and share buybacks of approximately \$0.9 million during the period under review.

## **Statement of Cash Flows Review**

### **4Q2015**

We continued to maintain a healthy cash position with approximately \$35.6 million in cash and bank balances as at the end of 4Q2015.

In 4Q2015, net cash generated from operating activities amounted to approximately \$2.4 million compared with approximately \$4.4 million generated in the corresponding period in FY2014. We generated net cash of approximately \$4.8 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$2.3 million. This was mainly due to cash outflow from trade and other payables of approximately \$2.4 million. Our net cash generated from operating activities was further reduced by income taxes payment of approximately \$0.1 million.

Net cash of approximately \$0.3 million was used in investing activities due to purchase of plant and equipment of approximately \$0.5 million, partially offset by proceeds received from disposal of property, plant and equipment of approximately \$0.2 million.

Net cash of approximately \$0.8 million was generated from financing activities. This was mainly due to increase in bank borrowing of \$5.0 million for the second payment to the Vendor for the acquisition of AE Group. The cash generated was partially offset by repayment of short-term bank borrowings of approximately \$3.2 million, share buybacks of approximately \$0.7 million and interest payments of \$0.3 million.

### **12M2015**

In 12M2015, net cash generated from operating activities amounted to approximately \$9.2 million compared with approximately \$17.0 million generated in the corresponding period in FY2014. We generated net cash of approximately \$15.5 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$4.2 million. This was mainly due to cash outflow from trade and other payables of approximately \$4.0 million and cash outflow from inventories of approximately \$1.3 million. Our net cash generated from operating activities was further reduced by income tax payments of approximately \$2.1 million.

Net cash of approximately \$8.1 million was used in investing activities mainly for acquisition of AE Group of approximately \$7.5 million. The purchase of plant and equipment of \$3.0 million was offset by the proceeds from the disposal of a subsidiary's leasehold property of approximately \$2.0 million.

Net cash of approximately \$1.4 million was generated from financing activities. This was mainly due to net increase in bank borrowings of approximately \$6.9 million. The cash generated was partially offset by dividend payments of \$3.6 million, interest payments of \$1.0 million and share buybacks of \$0.9 million.

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

No profit forecast has been previously issued.

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

Currently, our Group has outstanding orders of approximately \$39.2 million, excluding maintenance contracts. The deliveries for these orders will spread within the next 24 months and as such, we expect to derive sustained revenue streams from these orders up to FY2017. These confirmed orders are however, subjected to possible cancellation, deferral, rescheduling or variations by customers.

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

With oil majors and multinational companies deferring their capital expenditure and focusing on optimizing their existing plant facilities, the Group foresees growth potential for the Maintenance Services segment for the next twelve months. With the synergistic partnership forged between AE Group and Multiheight Group, the Maintenance Services segment seeks to bundle and expand its scope of services to its existing customer base. This will provide the Group a recurring and stable revenue stream as the Group tides through the challenging and competitive business conditions.

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

**11. Dividend**

**(a) Current Financial Period Reported on 31 December 2015**

**(i) Any dividend declared for the current financial period reported on? Yes.**

**(ii) Any dividend recommended for the current financial period reported on? Yes.**

Name Of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.65 cents per ordinary share
Tax Rate	Tax exempt (One-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Name Of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount Per Share	0.25 cents per ordinary share	0.25 cents per ordinary share
Tax Rate	Tax exempt (One-tier)	Tax exempt (One-tier)

**(c) Date payable**

To be announced later. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

**(d) Books closure date**

To be announced at a later date.

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

Not applicable.

**13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.**

As disclosed in the results announcement for the period ended 30 September 2015, the Group has revised its business segments into three business segments – Project Services, Maintenance Services and Others (including investment holding) respectively.

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

	Project Services	Maintenance Services	Others	Elimination	Group
<b>Continuing Operations FY2015</b>					
<b>Revenue by Segment</b>					
Total revenue	58,844	21,647	2,544	(2,544)	80,491
Less: Inter-segment sales	-	-	(2,544)	2,544	-
External revenue	58,844	21,647	-	-	80,491
<b>EBITDA</b>	10,186	5,889	(2,423)	2,544	16,196
Less: Inter-segment expenses	1,829	715	-	(2,544)	-
Adjusted EBITDA	12,015	6,604	(2,423)	-	16,196
Finance costs	(754)	(228)	-	-	(982)
Depreciation and amortization	(2,370)	(1,010)	-	-	(3,380)
Income tax expenses	(1,057)	(382)	-	-	(1,439)
Unallocated:					
Interest income					110
Profit from continuing operations, net of tax					10,505

	Project Services	Maintenance Services	Others	Elimination	Group
<b>Continuing Operations FY2014</b>					
<b>Revenue by Segment</b>					
Total revenue	57,422	14,852	2,549	(2,399)	72,424
Less: Inter-segment sales	-	-	(2,399)	2,399	-
External revenue	57,422	14,852	150	-	72,424
<b>EBITDA</b>	8,384	3,830	(2,118)	2,399	12,495
Less: Inter-segment expenses	1,860	539	-	(2,399)	-
Adjusted EBITDA	10,244	4,369	(2,118)	-	12,495
Finance costs	(403)	(170)	-	-	(573)
Depreciation and amortization	(2,230)	(733)	-	-	(2,963)
Income tax expenses	(865)	(438)	-	-	(1,303)
Unallocated:					
Interest income					210
Profit from continuing operations, net of tax					7,866

## Assets and Reconciliations

	Project Services	Maintenance Services	Others	Group
<b>2015</b>				
Reportable segment assets	6,812	2,567	-	9,379
Unallocated:				
Cash and cash equivalents				35,566
Inventories				8,988
Trade and other receivables, prepayments and deposits				17,522
Property, plant and equipment				18,544
Other non-current assets				22,451
Total Group assets				112,450
<b>2014</b>				
Reportable segment assets	8,880	1,629	-	10,509
Unallocated:				
Cash and cash equivalents				32,799
Inventories				7,315
Trade and other receivables, prepayments and deposits				13,984
Property, plant and equipment				13,421
Other non-current assets				12,482
Total Group assets				90,510

## Liabilities and Reconciliations

	Project Services	Maintenance Services	Others	Group
<b>2015</b>				
Reportable segment liabilities	1,010	276	-	1,286
Unallocated:				
Trade and other payables				17,170
Other financial liabilities				32,155
Income tax payable and deferred tax liabilities				2,459
Total Group liabilities				53,070
<b>2014</b>				
Reportable segment liabilities	-	-	-	
Unallocated:				
Trade and other payables				10,479
Other financial liabilities				25,320
Income tax payable and deferred tax liabilities				1,420
Total Group liabilities				37,219

## Geographical Information

	Revenue		Non-current Assets	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
China	28,865	49,080	5,585	6,286
Singapore	59,949	37,739	35,410	19,617
Others	9,572	6,163	-	-
Elimination	(17,895)	(20,558)	-	-
	80,491	72,424	40,995	25,903

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

**15. A breakdown of sales as follows:-**

	FY2015 \$'000	FY2014 \$'000	Change %
Sales for first half year	37,668	32,237	17
Profit attributable to Owners of the Parent, Net of Tax for first half year	4,011	3,347	20
Sales for second half year	42,823	40,187	7
Profit attributable to Owners of the Parent, Net of Tax for second half year	6,501	4,507	44

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	FY2015 \$'000	FY2014 \$'000
Interim dividend paid	1,600	-
Proposed first and final dividend	2,570*	1,000
Proposed special dividend	-	1,000

\* Based on 395,330,800 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2015.

**17. 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).

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Bong Boon Hean	34	Cousin of Teo Ling Ling, Chief Executive Officer, Nordic Flow Control Pte Ltd	Senior Manager, Project & Conversion Bong Boon Hean was promoted to this position in 2013. He leads, oversees project and conversion teams located both in Singapore and China.	N.A.

**BY ORDER OF THE BOARD**

**CHANG YEH HONG  
CHAIRMAN  
25 FEBRUARY 2016**