



NORDIC
Group Limited

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 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1Q2018 \$'000	1Q2017 \$'000	Change %
Revenue	22,708	19,923	14
Cost of sales	(15,863)	(13,819)	15
Gross profit	6,845	6,104	12
Interest income	75	24	213
Distribution costs	(214)	(111)	93
Administrative expenses	(2,913)	(1,976)	47
Finance costs	(357)	(186)	92
Other gains / (losses)	245	(403)	(161)
Profit before tax from continuing operations	3,681	3,452	7
Income tax expense	(240)	(642)	(63)
Net profit for the period	3,441	2,810	22
Other comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	92	(151)	(161)
Total comprehensive income for the period	3,533	2,659	33
Net profit attributable to owners of the parent	3,441	2,810	22
Total comprehensive income attributable to owners of the parent	3,533	2,659	33

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:

		1Q2018	1Q2017	Change
		\$'000	\$'000	%
1	Interest income	75	24	213
2	Interest on borrowings	(357)	(186)	92
3	Depreciation	(708)	(571)	24
4	Foreign exchange loss	(246)	(622)	(60)
5	Gain/(loss) on disposal of plant and equipment	184	(10)	1,940
6	Other income/(loss)	146	(52)	381
7	Government grant income	161	280	(43)

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	
	31/03/2018 S\$'000	31/12/2017 S\$'000	31/03/2018 \$'000	31/12/2017 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	22,382	22,716	-	-
Investment in subsidiaries	-	-	1,350	1,350
Goodwill	29,552	29,552	-	-
Total non-current assets	51,934	52,268	1,350	1,350
<u>Current assets</u>				
Asset held-for-sale	10,157	13,419	-	-
Inventories	13,480	13,287	3,614	3,614
Trade and other receivables	23,169	24,287	10,199	11,312
Other assets	9,299	7,757	853	315
Cash and cash equivalents	38,474	40,291	13,322	12,698
Total current assets	94,579	99,041	27,988	27,939
Total assets	146,513	151,309	29,338	29,289
Equity and liabilities				
Equity attributable to the owners of the parent				
Share capital	22,439	22,439	22,439	22,439
Treasury shares	(1,334)	(1,303)	(1,334)	(1,303)
Retained earnings	58,402	54,963	7,003	7,096
Other reserves	607	515	-	-
Total equity	80,114	76,614	28,108	28,232
Non-current liabilities				
Deferred tax liabilities	2,945	3,098	-	-
Other financial liabilities	7,934	7,974	-	-
Other payables	5,701	5,701	-	-
Total non-current liabilities	16,580	16,773	-	-
Current liabilities				
Liabilities held for sale under FRS 105	8,403	12,245	-	-
Income tax payable	1,566	1,430	94	95
Trade and other payables	14,261	16,798	1,066	962
Other financial liabilities-current	25,486	26,951	-	-
Other liabilities	103	498	70	-
Total current liabilities	49,819	57,922	1,230	1,057
Total liabilities	66,399	74,695	1,230	1,057
Total equity and liabilities	146,513	151,309	29,338	29,289

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 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
19,062	12,135	21,404	17,792

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,934	-	7,974	-

Details of any collateral

1. Mortgage on motor vehicles and property of certain subsidiaries for finance lease liabilities and bank borrowings respectively
2. Borrowings drawdown for working capital are secured against mortgage on leasehold properties owned by Ensure Engineering Pte. Ltd. and Austin Energy Offshore Pte. Ltd.

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

	1Q2018 \$'000	1Q2017 \$'000
Cash flows from operating activities:		
Profit before tax	3,681	3,452
Adjustments for:		
Depreciation expense	708	571
(Gain)/loss on disposal of plant and equipment	(184)	10
Interest income	(75)	(24)
Interest expense	357	186
Unrealised foreign exchange loss	392	356
Operating cash flows before changes in working capital	4,879	4,551
Inventories	(193)	(3,152)
Trade and other receivables	1,118	1,546
Other assets	(1,542)	4,027
Trade and other payables	(2,537)	(2,628)
Other liabilities	(395)	(651)
Cash generated from operations	1,330	3,693
Income tax paid	(257)	(393)
Net cash generated from operating activities	1,073	3,300
Cash flows from investing activities:		
Purchase of property, plant and equipment	(363)	(330)
Proceeds from disposal of plant and equipment	3,446	-
Interest received	75	24
Net cash generated from / (used in) investing activities	3,158	(306)
Cash flows from financing activities:		
Other financial liabilities	(5,307)	(2,032)
Decrease in finance leases	(39)	(29)
Purchase of treasury shares	(31)	-
Interest paid	(357)	(186)
Net cash generated used in financing activities	(5,734)	(2,247)
Net (decrease)/increase in cash	(1,503)	747
Effect of foreign exchange rate adjustments	(314)	(418)
Cash balance at beginning of period	40,291	32,325
Cash at end of period	38,474	32,654

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

	Issued capital	Foreign currency translation reserve	Retained earnings	Statutory reserves	Treasury shares	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group - Q1						
<u>Balance at 1 January 2018</u>	22,439	280	54,961	235	(1,303)	76,612
Total comprehensive income for the period	-	92	3,441	-	-	3,533
Purchase of treasury shares	-	-	-	-	(31)	(31)
Balance at 31 March 2018	22,439	372	58,402	235	(1,334)	80,114
Group - Q1						
<u>Balance at 1 January 2017</u>	22,439	272	45,137	235	(1,279)	66,804
Total comprehensive income for the period	-	(151)	2,810	-	-	2,659
Balance at 31 March 2017	22,439	121	47,947	235	(1,279)	69,463

	Issued capital	Retained earnings	Treasury shares	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Company - Q1				
<u>Balance at 1 January 2018</u>	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
Company - Q1				
<u>Balance at 1 January 2017</u>	22,439	6,275	(1,279)	27,435
Total comprehensive income for the period	-	6,814	-	6,814
Balance at 31 March 2017	22,439	13,089	(1,279)	34,249

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

Issued and paid up capital	1Q2018		4Q2017	
	No. of shares	S\$'000	No. of shares	S\$'000
As at beginning of period	393,112,900	21,136	393,112,900	21,136
Less: Treasury shares bought during the period	(53,000)	(31)	-	-
Total issued share capital excluding treasury shares as at end of period	393,059,900	21,105	393,112,900	21,136

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 393,059,900 ordinary shares (31 December 2017: 393,112,900 ordinary shares).

As at 31 March 2018, the Company holds 6,940,100 treasury shares (31 December 2017: 6,887,100 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 held 6,940,100 treasury shares as at the end of the period. There was no other sale, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2018.

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 9 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 2017.

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 Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). There is no significant difference from the adoption of the new SFRS(I) except for a reclassification of unbilled receivables from trade and other receivables to other assets as at 31 December 2017. The amount is \$4,807,000.

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

	1Q2018	1Q2017
<u>The Group</u>		
Net profit after tax attributable to equity holders of the Company (\$'000)	3,441	2,810
Weighted average number of ordinary shares (excluding Treasuring Shares) ('000)	393,102	393,175
Earnings per share - basic/fully diluted (cents)	0.9	0.7

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 2018	31 December 2017	31 March 2018	31 December 2017
Net asset value (\$'000)	80,114	76,614	28,108	28,232
Number of ordinary shares excluding treasury shares ('000)	393,060	393,113	393,060	393,113
Net asset value per share (cents)	20.4	19.5	7.2	7.2

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 2018 ("1Q2018")

Revenue

Our revenue increased by approximately \$2.8 million or 14%, from approximately \$19.9 million in 1Q2017 to approximately \$22.7 million in 1Q2018. The increase was from increase in revenue from the Maintenance Services segment mainly contributed by Ensure Engineering Pte Ltd ("Ensure"). This increase was offset by the decrease in revenue from the others segment (sale of carbon allowances).

Business Segment	1Q2018 \$'000	1Q2017 \$'000	Change \$'000	Change %
Project Services	13,364	13,061	303	2
Maintenance Services	9,344	5,475	3,869	71
Others	-	1,387	(1,387)	(100)
Total	22,708	19,923	2,785	14

Gross profit and gross profit margin

Gross profit for 1Q2018 increased by approximately \$0.7 million or 12%, from approximately \$6.1 million in 1Q2017 to approximately \$6.8 million in 1Q2018. Gross profit margin remained constant at 30%.

Distribution costs

Distribution costs increased approximately \$103,000 or 93% from approximately \$111,000 in 1Q2017 to \$214,000 in 1Q2018, mainly due to higher marketing costs incurred.

Administrative expenses

Administrative expenses increased approximately \$0.9 million or 47% from \$2.0 million in 1Q2017 to \$2.9 million in 1Q2018. This was mainly due to higher administrative expenses contributed by Ensure.

Finance costs

Interest expense increased approximately \$171,000 or 92%, from approximately \$186,000 in 1Q2017 to approximately \$357,000 in 1Q2018 mainly due to higher interest from increase in interest rates and more borrowings from the acquisition of Ensure.

Other gains and losses

For 1Q2018, other gains of approximately \$245,000 were recorded. This was mainly due to gain on disposal of property, plant and equipment of approximately \$184,000, other income of approximately \$146,000 and government grants income of approximately \$161,000. These gains were offset by foreign exchange losses of approximately \$246,000 due to weakening of the United States Dollar against the Singapore Dollar during the period under review.

For 1Q2017, other losses of approximately \$403,000 were recorded. This was mainly due to foreign exchange losses of approximately \$622,000 due to weakening of the United States Dollar against the Singapore Dollar during the period under review. This was offset by government grants received of approximately \$280,000.

Income tax expense

Effective tax rate was 6.5% in 1Q2018 compared to 18.6% in 1Q2017 due to deferred tax credit of \$139,000 from the disposal of a subsidiary's property and merger & acquisition allowance.

Statement of Financial Position Review (as at 31 March 2018 compared to 31 December 2017)

Non-current assets

Non-current assets decreased approximately \$0.3 million or 1% from approximately \$52.3 million as at 31 December 2017 to approximately \$51.9 million as at 31 March 2018. The decrease was mainly due to depreciation charge for the period under review.

Current assets

Current assets decreased approximately \$4.5 million or 4.5%, from approximately \$99.0 million as at 31 December 2017 to approximately \$94.6 million as at 31 March 2018. The decrease was due to decrease in asset held-for-sale of approximately \$3.3 million, trade and other receivables of approximately \$1.1 million and cash and cash equivalents of approximately \$1.8 million respectively. These decreases were offset by increase in inventories of approximately \$0.2 million and other assets of approximately \$1.5 million.

Current liabilities

Current liabilities decreased approximately \$8.1 million or 14%, from approximately \$57.9 million as at 31 December 2017 to approximately \$49.8 million as at 31 March 2018 mainly due to (i) decrease in liabilities held for sale under FRS105 of approximately \$3.8 million (ii) decrease in trade and other payables of approximately \$2.5 million; (iii) repayment of short term bank borrowings of approximately \$1.5 million and (iv) decrease in other liabilities of approximately \$0.4 million. These decreases were offset by an increase in income tax payable of \$0.1 million.

Non-current liabilities

Non-current liabilities decreased by approximately \$0.2 million or 1%, from approximately \$16.8 million as at 31 December 2017 to approximately \$16.6 million as at 31 March 2018 mainly due to the decrease in deferred tax liabilities.

Equity

Our capital and reserves increased by approximately \$3.5 million or 4.6% from \$76.6 million as at 31 December 2017 to \$80.1 million as at 31 March 2018 mainly due to net profit from the quarter under review.

Statement of Cash Flows Review

1Q2018

We continued to maintain a healthy cash position with approximately \$38.5 million in cash and cash equivalents as at the end of 1Q2018.

In 1Q2018, net cash from operating activities amounted to approximately \$1.1 million compared to approximately \$3.3 million in 1Q2017. We generated net cash of approximately \$4.9 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$3.5 million. This was mainly due to cash inflow from decrease in trade and other receivables of approximately \$1.1 million. These are offset by cash outflow from increase in inventories of approximately \$0.2 million; increase in other assets of approximately \$1.5 million, decrease in trade and other payables and other liabilities of approximately \$2.5 million and \$0.4 million respectively. Our operating cash flow from operations was reduced by income taxes payment of approximately \$257,000.

Net cash of approximately \$3.2 million generated from investing activities was mainly due to disposal of a subsidiary's property.

Net cash of approximately \$5.7 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 outstanding orders amounting to approximately \$99.3 million as at 31 March 2018. Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above.

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

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

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

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

11. Dividend

(a) Current Financial Period Reported on 31 March 2018

- (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 2018.

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 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHANG YE HONG
CHAIRMAN
9 MAY 2018