



NORDIC
Group Limited

NORDIC GROUP LIMITED

(Company Registration Number: 201007399N)

Q3 FY2014 Financial Statement and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

STATEMENT OF COMPREHENSIVE INCOME	Q3 FY2014 \$'000	Q3 FY2013 \$'000	Change %	Nine months ended 30/09/2014 \$'000	Nine months ended 30/09/2013 \$'000	Change %
Revenue	19,627	18,700	5	51,865	46,462	12
Cost of Sales	(13,712)	(13,395)	2	(34,422)	(32,115)	7
Gross profit	5,915	5,305	11	17,443	14,347	22
Interest income	131	-	nm	143	15	nm
Finance costs	(131)	(151)	(13)	(444)	(538)	(17)
Marketing and Distribution costs	(246)	(138)	78	(615)	(455)	35
Administrative Expenses	(3,684)	(3,590)	3	(10,765)	(10,111)	6
Other Credits / (Charges)	283	2	nm	314	414	(24)
Profit Before Tax from Continuing Operations	2,268	1,428	59	6,076	3,672	65
Income Tax Expense	(293)	(114)	157	(754)	(339)	122
Profit from Continuing Operations, Net of Tax	1,975	1,314	50	5,322	3,333	60
Other comprehensive income: Items that may be reclassified subsequently to Profit or Loss:						
Available-for-sale Financial Assets - Fair value changes arising during the period	2,721	-	nm	-	-	nm
Exchange Differences on Translating Foreign Operations, Net of Tax	12	4	nm	18	(13)	nm
Other Comprehensive Income, Net of Tax	2,733	4	nm	18	(13)	nm
Total Comprehensive Income	4,708	1,318	nm	5,340	3,320	61
Profit Attributable to:						
Owners of the Parent, Net of Tax	1,975	1,314	50	5,322	3,333	60
Non-Controlling Interests, Net of Tax	-	-	nm	-	-	nm
Profit Net of Tax	1,975	1,314	50	5,322	3,333	60
Total Comprehensive Income Attributable to:						
Owners of the Parent	4,708	1,318	nm	5,340	3,320	61
Non-Controlling Interests	-	-	nm	-	-	nm
Total Comprehensive Income	4,708	1,318	nm	5,340	3,320	61

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 total comprehensive income for the financial period is derived after (charging)/crediting:

		Q3 FY2014	Q3 FY2013	Change	Nine months ended 30/09/2014	Nine months ended 30/09/2013	Change
		\$'000	\$'000	%	\$'000	\$'000	%
1	Interest income	131	-	nm	143	15	nm
2	Interest on borrowings	(131)	(151)	(13)	(444)	(538)	(17)
3	Depreciation and amortisation	(752)	(775)	(3)	(2,246)	(2,187)	3
4	Gain/(loss) on disposal of plant and equipment	1	(12)	(108)	1	(12)	(108)
5	Allowance for impairment on trade receivables	-	(11)	(100)	-	(11)	(100)
6	Foreign exchange gain/(loss)	230	(16)	nm	39	308	(87)

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 AS AT 30 SEPTEMBER 2014

	Group		Company	
	30/09/2014 \$'000	31/12/2013 \$'000	30/09/2014 \$'000	31/12/2013 \$'000
Assets				
Current assets				
Inventories	7,864	7,820	-	-
Trade and Other Receivables	33,448	27,728	22,011	15,471
Other Assets	1,320	1,311	70	-
Cash and Cash Equivalents	17,518	14,852	3,726	8,483
Total current assets	60,150	51,711	25,807	23,954
Non-current assets				
Property, Plant and Equipment	13,514	14,033	-	-
Investment in Subsidiaries	-	-	1,350	1,350
Intangible asset	285	570	-	-
Goodwill	12,292	12,292	-	-
Total non-current assets	26,091	26,895	1,350	1,350
Total assets	86,241	78,606	27,157	25,304
Liabilities and Equity				
Current liabilities				
Income Tax Payable	1,011	884	-	6
Trade and Other Payables	11,414	9,713	2,968	453
Other Financial Liabilities	20,275	19,344	-	-
Total current liabilities	32,700	29,941	2,968	459
Non-current liabilities				
Other Financial Liabilities	2,791	2,195	-	-
Deferred Tax Liabilities	220	280	-	-
Total non-current liabilities	3,011	2,475	-	-
Shareholders' equity				
Share capital	22,439	22,439	22,439	22,439
Retained earnings	27,660	23,338	1,750	2,406
Other reserves	431	413	-	-
Total equity	50,530	46,190	24,189	24,845
Total liabilities and equity	86,241	78,606	27,157	25,304

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

Amount repayable in one year or less, or on demand

As at 30 September 2014		As at 31 December 2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
433	19,842	8,755	10,589

Amount repayable after one year

As at 30 September 2014		As at 31 December 2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,929	862	2,075	120

Details of any collateral

1. Charge mortgage on the motor vehicles for finance lease liabilities
2. Borrowings drawn down in relation to the acquisition of the leasehold property is secured against mortgage on the property.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

COMBINED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Q3 FY2014 \$'000	Q3 FY2013 \$'000	Nine months ended 30/09/2014 \$'000	Nine months ended 30/09/2013 \$'000
Cash flows from operating activities:				
Profit before tax	2,268	1,428	6,076	3,672
Adjustments for:				
Depreciation expense	657	680	1,961	1,902
Amortization of intangible assets	95	95	285	285
(Gain)/loss on disposal of plant and equipment	(1)	12	(1)	12
Interest income	(131)	-	(143)	(15)
Interest expense	131	151	444	538
Unrealised foreign exchange (gain)/loss	(189)	21	(62)	(277)
Operating cash flows before changes in working capital	2,830	2,387	8,560	6,117
Trade and other receivables	2,299	(2,653)	3,303	(3,561)
Other assets	(499)	187	(9)	(245)
Inventories	(443)	7	(44)	116
Trade and other payables	1,704	214	1,701	3,237
Cash generated from operations	5,891	142	13,511	5,664
Income tax paid	(280)	(204)	(687)	(777)
Net cash generated from / (used in) operating activities	5,611	(62)	12,824	4,887
Cash flows from investing activities:				
Acquisition of subsidiaries	-	-	-	(3,064)
Purchase of property, plant and equipment	(416)	(985)	(1,284)	(3,094)
Other Financial Assets	-	-	(9,023)	-
Disposal of property, plant and equipment	2	-	2	13
Interest received	131	-	143	15
Net cash (used in) investing activities	(283)	(985)	(10,162)	(6,130)
Cash flows from financing activities:				
Other financial liabilities	(1,616)	450	1,368	(4,304)
Increase from new borrowings	-	-	-	-
Decrease in finance leases	(11)	(12)	(27)	(18)
Dividends paid	-	-	(1,000)	(1,000)
Interest paid	(131)	(151)	(444)	(538)
Net cash (used in) / generated from financing activities	(1,758)	287	(103)	(5,860)
Net increase / (decrease) in cash	3,570	(760)	2,559	(7,103)
Effect of Foreign Exchange Rate Adjustments	(49)	41	107	139
Cash balance at beginning of period	13,997	17,720	14,852	23,965
Cash at end of period	17,518	17,001	17,518	17,001

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the company					
	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Other Reserves \$'000	Fair Value Reserves \$'000	Parent Sub-Total \$'000
Group – Q3						
<u>Balance at 1 July 2014</u>	22,439	223	25,685	196	(2,721)	45,822
Total comprehensive income for the period	-	12	1,975	-	2,721	4,708
Balance at 30 September 2014	22,439	235	27,660	196	-	50,530
<u>Balance at 1 July 2013</u>	22,439	(185)	19,255	196	-	41,705
Total comprehensive income for the period	-	4	1,314	-	-	1,318
Balance at 30 September 2013	22,439	(181)	20,569	196	-	43,023
Group - 9 months						
<u>Balance at 1 January 2014</u>	22,439	217	23,338	196	-	46,190
Total comprehensive income for the period	-	18	5,322	-	-	5,340
Dividends paid	-	-	(1,000)	-	-	(1,000)
Balance at 30 September 2014	22,439	235	27,660	196	-	50,530
<u>Balance at 1 January 2013</u>	22,439	(168)	18,236	196	-	40,703
Total comprehensive income for the period	-	(13)	3,333	-	-	3,320
Dividends paid	-	-	(1,000)	-	-	(1,000)
Balance at 30 September 2013	22,439	(181)	20,569	196	-	43,023

	Issued Capital \$'000	Retained Earnings \$'000	Fair Value Reserves \$'000	Total equity \$'000
Company – Q3				
<u>Balance at 1 July 2014</u>	22,439	1,613	(2,721)	21,331
Total comprehensive income for the period	-	137	2,721	2,858
Balance at 30 September 2014	22,439	1,750	-	24,189
<u>Balance at 1 July 2013</u>	22,439	2,318	-	24,757
Total comprehensive income for the period	-	105	-	105
Balance at 30 September 2013	22,439	2,423	-	24,862
Company - 9 months				
<u>Balance at 1 January 2014</u>	22,439	2,406	-	24,845
Total comprehensive income for the period	-	344	-	344
Dividends paid	-	(1,000)	-	(1,000)
Balance at 30 September 2014	22,439	1,750	-	24,189
<u>Balance at 1 January 2013</u>	22,439	3,278	-	25,717
Total comprehensive income for the period	-	145	-	145
Dividends paid	-	(1,000)	-	(1,000)
Balance at 30 September 2013	22,439	2,423	-	24,862

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

Not applicable.

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 as at the end of the period was 400,000,000 ordinary shares (31 December 2013: 400,000,000 ordinary shares).

As at 30 September 2014, the Company does not hold any 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

Not applicable.

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

The unaudited financial statements have been prepared by applying policies and methods of computation consistent with those used in the preparation of the most recently audited 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

There were no changes in accounting policies and methods of computation used in the preparation of the financial information in this announcement.

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

	Q3 FY2014	Q3 FY2013	Nine months ended 30/09/2014	Nine months ended 30/09/2013
<u>The Group</u>				
Net profit after tax attributable to equity holders of the Company (\$'000)	1,975	1,314	5,322	3,333
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Earnings per share - basic/fully diluted	0.5	0.3	1.3	0.8

The Company had no dilutive equity instruments as at 30 September 2014.

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

	Group		Company	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net asset value (\$'000)	50,530	46,190	24,189	24,845
Number of ordinary shares ('000)	400,000	400,000	400,000	400,000
Net asset value per share (cents)	12.6	11.5	6.0	6.2

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 30 September 2014 ("3Q2014")

Revenue

Our revenue increased by approximately \$0.9 million or 4.8%, from approximately \$18.7 million in 3Q2013 to approximately \$19.6 million in 3Q2014. The increase was mainly due to higher revenue from the MRO & Trading business and Precision Engineering business segments, partially offset by lower revenue from the Scaffolding Services business segment.

Business Segment	3Q2014	3Q2013	Change	Change (%)
System Integration	\$7.8m	\$7.4m	\$0.4m	5.4
MRO & Trading	\$1.8m	\$0.7m	\$1.1m	157.1
Precision Engineering	\$4.1m	\$3.2m	\$0.9m	28.1
Scaffolding Services	\$5.9m	\$7.4m	(\$1.5m)	(20.2)
Total	\$19.6m	\$18.7m	\$0.9m	4.8

Gross profit and gross profit margin

Gross profit for 3Q2014 increased approximately \$0.6 million or 11.5% from \$5.3 million in 3Q2013 to \$5.9 million in 3Q2014 and gross profit margin increased from 28.4% in 3Q2013 to 30.1% in 3Q2014.

Gross profit for 3Q2014 is higher than 3Q2013 mainly due to higher gross profits from the MRO & Trading and Precision Engineering business segments for the quarter under review.

Interest expense

Interest expense remained relatively constant at approximately \$0.1million.

Marketing and distribution costs

Marketing and distribution costs increased approximately \$0.1 million or 78.3% from \$0.1 million in 3Q2013 to \$0.2 million in 3Q2014 due to higher sales and marketing costs incurred in the quarter under review.

Administrative expenses

Administrative expenses remained relatively constant at approximately \$3.7 million for 3Q2014, compared to \$3.6 million for 3Q2013.

Other credits / (charges)

Other credits of approximately \$283,000 were recorded in 3Q2014, arising from foreign exchange gain of approximately \$230,000 and government grants received approximately \$39,000.

Review of performance for nine months ended 30 September 2014 ("9M2014")

Our revenue increased by approximately \$5.4 million or 11.6%, from approximately \$46.5 million in 9M2013 to approximately \$51.9 million in 9M2014. The increase was mainly due to higher revenue from the System Integration and Precision Engineering business segments.

Business Segment	9M2014	9M2013	Change	Change (%)
System Integration	\$20.2m	\$15.5m	\$4.7m	30.3
MRO & Trading	\$2.7m	\$2.1m	\$0.6m	28.6
Precision Engineering	\$9.9m	\$8.4m	\$1.5m	17.9
Scaffolding Services	\$19.1m	\$20.5m	(\$1.4m)	(6.8)
Total	\$51.9m	\$46.5m	\$5.4m	11.6

Gross profit and gross profit margin

Gross profit for 9M2014 increased approximately \$3.1 million or 21.6% from \$14.3 million in 9M2013 to \$17.4 million in 9M2014 and gross profit margin increased from 30.9% in 9M2013 to 33.6% in 9M2014.

Gross profit for 9M2014 is higher than 9M2013 mainly due to higher gross profits from all the business segments.

Interest expense

Interest expense decreased approximately \$94,000 or 17.5%, from approximately \$538,000 in 9M2013 to approximately \$444,000 in 9M2014. This is mainly due to lower interest incurred on lower paid down balance of the acquisition loan for Multiheight, charged at a lower interest rate for 9M2014 as compared to 9M2013.

Administrative expenses

Administrative expenses increased approximately \$0.6 million or 6.5% from \$10.1 million in 9M2013 to \$10.7 million in 9M2014. This is due to rising operating costs faced by all business segments.

Other credits / (charges)

Other credits of approximately \$314,000 were recorded in 9M2014, arising mainly from (i) government grants received of approximately \$217,000 and (ii) unrealized foreign exchange gain of approximately \$62,000.

Statement of Financial Position Review (as at 30 September 2014 compared to 31 December 2013)

Non-current assets

Non-current assets remained relatively consistent at approximately \$26.1 million as at 30 September 2014 compared to \$26.9 million as at 31 December 2013.

Current assets

Current assets increased approximately \$8.4 million or 16.3%, from approximately \$51.7 million as at 31 December 2013 to approximately \$60.1 million as at 30 September 2014. This was mainly due to net increase in trade and other receivables of approximately \$5.7 million, which includes a \$9.0 million receivable on sale proceeds for PSL Holdings Limited shares. The Company has since received this \$9.0 million sale proceeds in November 2014.

Current liabilities

Current liabilities increased approximately \$2.8 million or 9.2%, from approximately \$29.9 million as at 31 December 2013 compared to \$32.7 million as at 30 September 2014. The increase was mainly due to increase in trade and other payables of approximately \$1.7 million and increase in utilization of short term bank borrowings of approximately \$0.9 million.

Non-current liabilities

Non-current liabilities increased by approximately \$0.5 million or 21.7%, from approximately \$2.5 million as at 31 December 2013 to approximately \$3.0 million as at 30 September 2014. The increase was mainly due to increase in loan payable relating to loan installments repayable after one year from new term loan and finance leases secured during the period under review.

Equity

Our capital and reserves increased by approximately \$4.3 million or 9.4% from \$46.2 million as at 31 December 2013 to \$50.5 million as at 30 September 2014 mainly due to retention of net profit for 9M2014 partially offset by dividend distribution made during the period under review.

Statement of Cash Flows Review

3Q2014

We continued to maintain a healthy cash position with approximately \$17.5 million in cash and bank balances as at the end of 3Q2014.

In 3Q2014, net cash generated from operating activities amounted to approximately \$5.6 million compared to approximately \$0.1 million used in the corresponding period in FY2013. We generated net cash of approximately \$2.8 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$3.1 million. This was mainly due to (i) cash inflow from decrease in trade and other receivables of approximately \$2.3 million and (ii) cash inflow from increase in trade and other payables of approximately \$1.7 million. Our operating cash flow from operations was reduced by income taxes payment of approximately \$0.3 million.

Net cash of approximately \$0.3 million was used in investing activities for the purchase of plant and equipment.

Net cash of approximately \$1.8 million was used in financing activities. This was due to (i) net decrease in bank borrowings of approximately \$1.6 million and (ii) interest payment of approximately \$0.1 million.

9M2014

In 9M2014, net cash generated from operating activities amounted to \$12.8 million compared with approximately \$4.9 million in the corresponding period in FY2013. We generated net cash of approximately \$8.6 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$5.0 million. This was mainly due to (i) cash inflow from

decrease in trade and other receivables of approximately \$3.3 million and cash inflow from increase in trade and other payables of approximately \$1.7 million.

Net cash of approximately \$10.2 million was used in investing activities mainly for acquisition of 7.76% interest in PSL Holdings Limited. The Company has disposed this shareholdings and sale proceeds for the disposal is received in November 2014.

Net cash of approximately \$0.1million was used in financing activities. This was mainly due to net increase in bank borrowings of approximately \$1.4 million, partially offset by dividend payment of \$1.0 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 or profit guarantee has been issued for the year under review.

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 amounting to approximately \$40.7 million. 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 FY2016. These confirmed orders are however, subjected to possible cancellation, deferral, rescheduling or variations by customers.

The System Integration and MRO & Trading business segments continue to maintain a strong combined order book for their existing products and services. The System Integration segment continues to invest in sales and marketing efforts to materialize orders for our new product and solutions launched this year. Having gone through a difficult period of cyclical downturn and market consolidation for the marine industry, our System Integration segment has proven itself to be a strong contender in the market and well poised for further growth.

The Precision Engineering business segment targets to build on its established customer relationships to expand service offerings to existing clients in an attempt to grow its revenue and profit contributions to the Group.

The Scaffolding Services business segment continues to rake in healthy margins while it engages in continuous productivity improvement initiatives to combat rising manpower costs and labour shortage. The segment will explore new methods and tools to reduce reliance on manpower.

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

11. Dividend

(a) Current Financial Period Reported on 30 September 2014

- (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/recommendeded, a statement to that effect

No dividend has been declared for the quarter ended 30 September 2014.

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 hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the interim financial statement for the financial period ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**CHANG YEH HONG
EXECUTIVE CHAIRMAN
12 NOVEMBER 2014**