



NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

Q2 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 JUNE 2014

| STATEMENT OF COMPREHENSIVE INCOME | Q2 FY2014 \$'000 | Q2 FY2013 \$'000 | Change % | Half year ended 30/06/2014 \$'000 | Half year ended 30/06/2013 \$'000 | Change % |
|---|---------------------|---------------------|-------------|---|---|-------------|
| Revenue | 17,816 | 15,555 | 15 | 32,237 | 27,762 | 16 |
| Cost of Sales | (11,080) | (10,674) | 4 | (20,710) | (18,720) | 11 |
| Gross profit | 6,736 | 4,881 | 38 | 11,527 | 9,042 | 27 |
| Interest income | 5 | 5 | - | 11 | 15 | (27) |
| Finance costs | (182) | (184) | (1) | (313) | (387) | (19) |
| Marketing and Distribution costs | (159) | (157) | 1 | (369) | (317) | 16 |
| Administrative Expenses | (3,585) | (3,330) | 7 | (7,080) | (6,521) | 9 |
| Other Credits / (Charges) | (3) | 131 | nm | 32 | 412 | nm |
| Profit Before Tax from Continuing Operations | 2,812 | 1,346 | 109 | 3,808 | 2,244 | 70 |
| Income Tax Expense | (366) | (179) | 104 | (461) | (225) | 105 |
| Profit from Continuing Operations, Net of Tax | 2,446 | 1,167 | 110 | 3,347 | 2,019 | 66 |
| 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 | (1,198) | - | nm | (2,721) | - | nm |
| Exchange Differences on Translating Foreign Operations, Net of Tax | 20 | (9) | nm | 6 | (17) | nm |
| Other Comprehensive Income, Net of Tax | (1,178) | (9) | nm | (2,715) | (17) | nm |
| Total Comprehensive Income | 1,268 | 1,158 | 9 | 632 | 2,002 | (68) |
| Profit Attributable to: | | | | | | |
| Owners of the Parent, Net of Tax | 2,446 | 1,167 | 110 | 3,347 | 2,019 | 66 |
| Non-Controlling Interests, Net of Tax | - | - | nm | - | - | Nm |
| Profit Net of Tax | 2,446 | 1,167 | 110 | 3,347 | 2,019 | 66 |
| Total Comprehensive Income Attributable to: | | | | | | |
| Owners of the Parent | 1,268 | 1,158 | 10 | 632 | 2,002 | (68) |
| Non-Controlling Interests | - | - | nm | - | - | nm |
| Total Comprehensive Income | 1,268 | 1,158 | 10 | 632 | 2,002 | (68) |

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:

| | | Q2 FY2014 | Q2 FY2013 | Change | Half year ended 30/06/2014 | Half year ended 30/06/2013 | Change |
|---|-------------------------------|-----------|-----------|--------|-------------------------------|-------------------------------|--------|
| | | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| 1 | Interest income | 5 | 5 | - | 11 | 15 | (27) |
| 2 | Interest on borrowings | (182) | (184) | (1) | (313) | (387) | (19) |
| 3 | Depreciation and amortisation | (808) | (738) | 9 | (1,494) | (1,412) | 6 |
| 4 | Foreign exchange gain/(loss) | (28) | 98 | nm | (192) | 324 | 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 AS AT 30 JUNE 2014

| | Group | | Company | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30/06/2014 \$'000 | 31/12/2013 \$'000 | 30/06/2014 \$'000 | 31/12/2013 \$'000 |
| Assets | | | | |
| Current assets | | | | |
| Inventories | 7,421 | 7,820 | - | - |
| Trade and Other Receivables | 26,724 | 27,728 | 12,821 | 15,471 |
| Other Financial Asset ⁽¹⁾ | 6,300 | - | 6,300 | - |
| Other Assets | 821 | 1,311 | - | - |
| Cash and Cash Equivalents | 13,741 | 14,852 | 3,909 | 8,483 |
| Total current assets | 55,007 | 51,711 | 23,030 | 23,954 |
| Non-current assets | | | | |
| Property, Plant and Equipment | 13,578 | 14,033 | - | - |
| Investment in Subsidiaries | - | - | 1,350 | 1,350 |
| Intangible asset | 380 | 570 | - | - |
| Goodwill | 12,292 | 12,292 | - | - |
| Total non-current assets | 26,250 | 26,895 | 1,350 | 1,350 |
| Total assets | 81,257 | 78,606 | 24,380 | 25,304 |
| Liabilities and Equity | | | | |
| Current liabilities | | | | |
| Income Tax Payable | 978 | 884 | - | 6 |
| Trade and Other Payables | 9,710 | 9,713 | 3,049 | 453 |
| Other Financial Liabilities | 20,622 | 19,344 | - | - |
| Total current liabilities | 31,310 | 29,941 | 3,049 | 459 |
| Non-current liabilities | | | | |
| Other Financial Liabilities | 3,885 | 2,195 | - | - |
| Deferred Tax Liabilities | 240 | 280 | - | - |
| Total non-current liabilities | 4,125 | 2,475 | - | - |
| Shareholders' equity | | | | |
| Share capital | 22,439 | 22,439 | 22,439 | 22,439 |
| Retained earnings | 25,685 | 23,338 | 1,613 | 2,406 |
| Other reserves | (2,302) | 413 | (2,721) | - |
| Total equity | 45,822 | 46,190 | 21,331 | 24,845 |
| Total liabilities and equity | 81,257 | 78,606 | 24,380 | 25,304 |

(1) Being available-for-sale financial asset of 7.76% interest in PSL Holdings Limited.

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 June 2014 | | As at 31 December 2013 | |
|--------------------|---------------------|------------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 406 | 20,216 | 8,755 | 10,589 |

Amount repayable after one year

| As at 30 June 2014 | | As at 31 December 2013 | |
|--------------------|---------------------|------------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 1,875 | 2,010 | 2,075 | 120 |

Details of any collateral

1. Borrowings drawn down in relation to the acquisition of the Multiheight Group is secured against shares of Multiheight Scaffolding Pte Ltd (discharged since 15 April 2014)
2. Charge mortgage on the motor vehicles for finance lease liabilities
3. 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 JUNE 2014

| | Q2 FY2014 \$'000 | Q2 FY2013 \$'000 | Half year ended 30/06/2014 \$'000 | Half year ended 30/06/2013 \$'000 |
|---|---------------------|---------------------|--|--|
| Cash flows from operating activities: | | | | |
| Profit before tax | 2,812 | 1,346 | 3,808 | 2,244 |
| Adjustments for: | | | | |
| Depreciation expense | 713 | 643 | 1,304 | 1,222 |
| Amortization of intangible assets | 95 | 95 | 190 | 190 |
| Interest income | (5) | (5) | (11) | (15) |
| Interest expense | 182 | 184 | 313 | 387 |
| Unrealised foreign exchange (gain)/loss | (225) | (82) | (129) | (298) |
| Operating cash flows before changes in working capital | 3,572 | 2,181 | 5,475 | 3,730 |
| Trade and other receivables | (2,276) | (556) | 1,004 | (908) |
| Other assets | (80) | (300) | 490 | (432) |
| Inventories | 95 | (1,092) | 399 | 109 |
| Trade and other payables | 1,352 | 3,558 | (3) | 3,022 |
| Cash generated from operations | 2,663 | 3,791 | 7,365 | 5,521 |
| Income tax paid | (265) | (340) | (407) | (573) |
| Net cash generated from operating activities | 2,398 | 3,451 | 6,958 | 4,948 |
| Cash flows from investing activities: | | | | |
| Acquisition of subsidiaries | - | - | - | (3,064) |
| Purchase of property, plant and equipment | (288) | (1,050) | (868) | (2,096) |
| Other Financial Assets | - | - | (9,023) | - |
| Interest received | 5 | 5 | 11 | 15 |
| Net cash (used in) investing activities | (283) | (1,045) | (9,880) | (5,145) |
| Cash flows from financing activities: | | | | |
| Other financial liabilities | (864) | (2,705) | 2,984 | (4,754) |
| Decrease in finance leases | (7) | - | (16) | (6) |
| Dividends paid | (1,000) | (1,000) | (1,000) | (1,000) |
| Interest paid | (182) | (184) | (313) | (387) |
| Net cash (used in) generated from financing activities | (2,053) | (3,889) | 1,655 | (6,147) |
| Net increase / (decrease) in cash | 62 | (1,483) | (1,267) | (6,344) |
| Effect of Foreign Exchange Rate Adjustments | 266 | 86 | 156 | 99 |
| Cash balance at beginning of period | 13,413 | 19,117 | 14,852 | 23,965 |
| Cash at end of period | 13,741 | 17,720 | 13,741 | 17,720 |

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 - Q2 | | | | | | |
| <u>Balance at 1 April 2014</u> | 22,439 | 203 | 24,239 | 196 | (1,523) | 45,554 |
| Total comprehensive income for the period | - | 20 | 2,446 | - | (1,198) | 1,268 |
| Dividends paid | - | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2014 | 22,439 | 223 | 25,685 | 196 | (2,721) | 45,822 |
| <u>Balance at 1 April 2013</u> | 22,439 | (176) | 19,088 | 196 | - | 41,547 |
| Total comprehensive income for the period | - | (9) | 1,167 | - | - | 1,158 |
| Dividends paid | - | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2013 | 22,439 | (185) | 19,255 | 196 | - | 41,705 |
| Group - 6 months | | | | | | |
| <u>Balance at 1 January 2014</u> | 22,439 | 217 | 23,338 | 196 | - | 46,190 |
| Total comprehensive income for the period | - | 6 | 3,347 | - | (2,721) | 632 |
| Dividends paid | - | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2014 | 22,439 | 223 | 25,685 | 196 | (2,721) | 45,822 |
| <u>Balance at 1 January 2013</u> | 22,439 | (168) | 18,236 | 196 | - | 40,703 |
| Total comprehensive income for the period | - | (17) | 2,019 | - | - | 2,002 |
| Dividends paid | - | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2013 | 22,439 | (185) | 19,255 | 196 | - | 41,705 |

| | Issued Capital \$'000 | Retained Earnings \$'000 | Fair Value Reserves \$'000 | Total equity \$'000 |
|---|--------------------------|-----------------------------|-------------------------------|------------------------|
| Company - Q2 | | | | |
| <u>Balance at 1 April 2014</u> | 22,439 | 2,459 | (1,523) | 23,375 |
| Total comprehensive income for the period | - | 154 | (1,198) | (1,044) |
| Dividends paid | - | (1,000) | - | (1,000) |
| Balance at 30 June 2014 | 22,439 | 1,613 | (2,721) | 21,331 |
| <u>Balance at 1 April 2013</u> | 22,439 | 3,347 | - | 25,786 |
| Total comprehensive income for the period | - | (29) | - | (29) |
| Dividends paid | - | (1,000) | - | (1,000) |
| Balance at 30 June 2013 | 22,439 | 2,318 | - | 24,757 |
| Company - 6 months | | | | |
| <u>Balance at 1 January 2014</u> | 22,439 | 2,406 | - | 24,845 |
| Total comprehensive income for the period | - | 207 | (2,721) | (2,514) |
| Dividends paid | - | (1,000) | - | (1,000) |
| Balance at 30 June 2014 | 22,439 | 1,613 | (2,721) | 21,331 |
| <u>Balance at 1 January 2013</u> | 22,439 | 2,220 | - | 24,659 |
| Total comprehensive income for the period | - | 1,098 | - | 1,098 |
| Dividends paid | - | (1,000) | - | (1,000) |
| Balance at 30 June 2013 | 22,439 | 2,318 | - | 24,757 |

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 June 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

| | Q2 FY2014 | Q2 FY2013 | Half year ended 30/06/2014 | Half year ended 30/06/2013 |
|---|-----------|-----------|----------------------------|----------------------------|
| The Group | | | | |
| Net profit after tax attributable to equity holders of the Company (\$'000) | 2,446 | 1,167 | 3,347 | 2,019 |
| Number of ordinary shares ('000) | 400,000 | 400,000 | 400,000 | 400,000 |
| Earnings per share - basic/fully diluted | 0.6 | 0.3 | 0.8 | 0.5 |

The Company had no dilutive equity instruments as at 30 June 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 | |
|-----------------------------------|------------|------------|------------|------------|
| | 30/06/2014 | 31/12/2013 | 30/06/2014 | 31/12/2013 |
| Net asset value (\$'000) | 45,822 | 46,190 | 21,331 | 24,845 |
| Number of ordinary shares ('000) | 400,000 | 400,000 | 400,000 | 400,000 |
| Net asset value per share (cents) | 11.5 | 11.5 | 5.3 | 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 June 2014 ("2Q2014")

Revenue

Our revenue increased by approximately \$2.2 million or 14.1%, from approximately \$15.6 million in 2Q2013 to approximately \$17.8 million in 2Q2014. The increase was mainly due to higher revenue from the Systems Integration business segment.

| Business Segment | 2Q2014 | 2Q2013 | Change | Change (%) |
|-----------------------|----------------|----------------|---------------|-------------|
| Systems Integration | \$7.3m | \$4.5m | \$2.8m | 62.2 |
| MRO & Trading | \$0.3m | \$0.8m | (\$0.5m) | (62.5) |
| Precision Engineering | \$3.3m | \$2.9m | \$0.4m | 13.8 |
| Scaffolding Services | \$6.9m | \$7.4m | (\$0.5m) | (6.8) |
| Total | \$17.8m | \$15.6m | \$2.2m | 14.1 |

Gross profit and gross profit margin

Gross profit for 2Q2014 increased approximately \$1.9 million or 38.0% from \$4.8 million in 2Q2013 to \$6.7 million in 2Q2014 and gross profit margin increased from 31.4% in 2Q2013 to 37.8% in 2Q2014.

Gross profit for 2Q2014 is higher than 2Q2013 mainly due to higher gross profits from the Systems Integration and Scaffolding Services business segments for the quarter under review.

Interest expense

Interest expense remained relatively constant at approximately \$0.2million.

Marketing and distribution costs

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

Administrative expenses

Administrative expenses increased approximately \$0.3 million or 7.7% from \$3.3 million in 2Q2013 to \$3.6 million in 2Q2014. This is due to rising operating costs faced by all business segments.

Other credits / (charges)

Other charges of approximately \$3,000 were recorded in 2Q2014, arising from foreign exchange losses of approximately \$32,000, partially offset by other income of approximately \$24,000.

Review of performance for half-year ended 30 June 2014 ("1H2014")

Our revenue increased by approximately \$4.4 million or 15.8%, from approximately \$27.8 million in 1H2013 to approximately \$32.2 million in 1H2014. The increase was mainly due to higher revenue from the Systems Integration business segment.

| Business Segment | 1H2014 | 1H2013 | Change | Change (%) |
|-----------------------|----------------|----------------|---------------|-------------|
| Systems Integration | \$12.3m | \$8.1m | \$4.2m | 51.9 |
| MRO & Trading | \$0.9m | \$1.4m | (\$0.5m) | (35.7) |
| Precision Engineering | \$5.8m | \$5.2m | \$0.6m | 11.5 |
| Scaffolding Services | \$13.2m | \$13.1m | \$0.1m | 0.8 |
| Total | \$32.2m | \$27.8m | \$4.4m | 15.8 |

Gross profit and gross profit margin

Gross profit for 1H2014 increased approximately \$2.5 million or 27.5% from \$9.0 million in 1H2013 to \$11.5 million in 1H2014 and gross profit margin increased from 32.6% in 1H2013 to 35.8% in 1H2014.

Gross profit for 1H2014 is higher than 1H2013 mainly due to higher gross profits from the Systems Integration and Scaffolding Services business segments.

Interest expense

Interest expense decreased approximately \$74,000 or 19.1%, from approximately \$387,000 in 1H2013 to approximately \$313,000 in 1H2014. This is mainly due to lower interest incurred on lower paid down balance of the acquisition loan for Multiheight.

Administrative expenses

Administrative expenses increased approximately \$0.6 million or 8.6% from \$6.5 million in 1H2013 to \$7.1 million in 1H2014. This is due to rising operating costs faced by all business segments.

Other credits / (charges)

Other charges of approximately \$32,000 were recorded in 1H2014, arising from government grants received of approximately \$178,000, partially offset by foreign exchange losses of approximately \$191,000.

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

Non-current assets

Non-current assets remained relatively consistent at approximately \$26.0 million as at 30 June 2014 compared to \$26.9 million as at 31 December 2013.

Current assets

Current assets increased approximately \$3.3 million or 6.4%, from approximately \$51.7 million as at 31 December 2013 to approximately \$55.0 million as at 30 June 2014. The increase was mainly due to acquisition of 7.76% interest in PSL Holdings Limited.

Current liabilities

Current liabilities increased approximately \$1.4 million or 4.6%, from approximately \$29.9 million as at 31 December 2013 compared to \$31.3 million as at 30 June 2014. The increase was mainly due to increase in utilization of short term bank borrowings during the period under review.

Non-current liabilities

Non-current liabilities increased by approximately \$1.7 million or 66.7%, from approximately \$2.5 million as at 31 December 2013 to approximately \$4.1 million as at 30 June 2014. The increase was mainly due to re-financing of the Multiheight acquisition loan for a further 25 months to April 2016, which resulted in increase in the amounts classified under non-current liabilities.

Equity

Our capital and reserves decreased by approximately \$0.4 million or 0.8% from \$46.2 million as at 31 December 2013 to \$45.8 million as at 30 June 2014 mainly due to (i) fair value changes arising during the period under review on available-for-sale financial assets recorded through fair value reserves and (ii) distribution of dividend, partially offset by retention of net profit for 1H2014.

Statement of Cash Flows Review

2Q2014

We continued to maintain a healthy cash position with approximately \$13.7 million in cash and bank balances as at the end of 2Q2014.

In 2Q2014, net cash generated from operating activities amounted to approximately \$2.4 million compared with approximately \$3.5 million in the corresponding period in FY2013. We generated net cash of approximately \$3.6 million from operating profits before working capital changes. Net cash used in working capital amounted to approximately \$0.9 million. This was mainly due to (i) cash outflow from increase in trade and other receivables of approximately \$2.3 million and (ii) cash inflow from increase in trade and other payables of approximately \$1.4 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 \$3.9 million was used in financing activities. This was due to (i) net decrease in bank borrowings of approximately \$2.7 million and (ii) dividend payment of \$1.0 million.

1H2014

In 1H2014, net cash generated from operating activities amounted to \$7.0 million compared with approximately \$4.9 million in the corresponding period in FY2013. We generated net cash of approximately \$5.5 million from operating profits before working capital changes. Net cash generated from working capital amounted to approximately \$1.9 million. This was mainly due to (i) cash inflow from decrease in trade and other receivables of approximately \$1.0 million, (ii) cash inflow from decrease in other assets of approximately \$0.5 million and (iii) cash inflow from decrease in inventories of \$0.4 million.

Net cash of approximately \$9.9 million was used in investing activities mainly for acquisition of 7.76% interest in PSL Holdings Limited.

Net cash of approximately \$1.7 million was generated from financing activities. This was mainly due to net increase in bank borrowings of approximately \$3.0 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 \$34.8 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 Systems Integration business segment has launched new products in the recent quarter and has expanded our product offering to cover power management solutions for marine vessels. With our strong sales network and established base of clientele, our Systems Integration business segment is poised for growth with this new product expansion.

With a healthy order book, the Precision Engineering business segment continues to generate steady revenue and profits.

Initiatives by the Scaffolding Services business segment to improve productivity and efficiency have enabled it to maintain healthy margins despite operating in an environment of rising manpower costs and labour shortage. These initiatives will continue to be refined to prepare the business for the next cycle of peak season where our customers carry out their major maintenance works.

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 June 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/recommended, a statement to that effect

No dividend has been declared for the quarter ended 30 June 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 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**CHANG YE HONG
CHAIRMAN
12 AUGUST 2014**