ISOTEAM

ISOTEAM LTD.

(Incorporated in the Republic of Singapore on 12 December 2012)
(Company Registration Number: 201230294M)

Placement of 32,200,000 Shares comprising 30,730,000 New Shares and 1,470,000 Vendor Shares at $0.22 for each Share, payable in full on application

AN ESTABLISHED ECO-CONSCIOUS R&R AND A&A SPECIALIST

OFFER DOCUMENT DATED 5 JULY 2013

(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 5 July 2013)
This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s).

Hong Leong Finance Limited (the "Sponsor") has made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of ISOTeam Ltd. (the "Company") already issued (including the Vendor Shares), the new Shares (the "New Shares") and the new Shares which may be allotted and issued pursuant to the ISOTeam Performance Share Plan (the "Award Shares") on Catalist (as defined herein). The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Placement (as defined herein) is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "Authority"). We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Company is suitable to be listed on Catalist and complies with the rules of the SGX-ST Listing Manual (as defined herein). Neither the Authority nor the SGX-ST has, in any way, considered the merits of the Shares or units of Shares being offered for investment.

The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

Acceptance of applications will be conditional upon the issue of the New Shares and the listing and quotation of all our existing issued Shares (including the Vendor Shares), the New Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Sponsor and the Placement Agent (as defined herein)

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

Investing in the Shares involves risks which are described in the "RISK FACTORS" section of this Offer Document.

Sponsor

HONG LEONG FINANCE

HONG LEONG FINANCE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196100003D)

Placement Agent

UOB KayHian

UOB KAY HIAN PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197000447W)

A&A: Tampines N9 (Blks 902-946)

CORPORATE PROFILE

Founded in 1998, we are an established player in the building maintenance and estate upgrading industry in Singapore. Being an early adopter of eco-conscious methods with about 15 years of R&R and A&A experience, our public and private sector clients have the advantage of having access to our eco-expertise as well as our mainstream R&R and A&A capabilities to achieve cost-effective and eco-conscious R&R and A&A works for their buildings and estates.

Led by our experienced and professional team of senior management and key executives, the Company has undertaken over 200 R&R and A&A projects involving more than 1,500 buildings. The Company's founders were also Platinum recipients of the 2011 Successful Entrepreneur Award.

We actively procure and integrate environmentally sustainable products, solutions and building methods into our projects. Eco-conscious methods allow our clients to achieve better energy and water efficiency and/or minimises waste created by our projects through reusing, recycling and conserving resources.

WORKED ON MORE THAN 1,500 BUILDINGS

BUSINESS

Repairs & Redecoration Works (R&R) ← Integrating Eco-conscious solutions into our R&R and A&A works → Addition & Alteration Works (A&A)

OUR R&R WORKS

- Mainly non-structural construction, improvements and routine maintenance works that are **recurring in nature**
- Ability to tender for **projects of up to $13 million** with BCA L5 (CR09) grading

OUR A&A WORKS

- Mainly **structural and general building works** such as HDB's Neighbourhood Renewal Projects
- Ability to tender for **projects of up to $40 million** with BCA B1 (CW01) grading for general building works
- Secured **more than 10** Neighbourhood Renewal Projects to upgrade HDB estates as at the Latest Practicable Date

R&R: Reroofing & Waterproofing Works

GREEN SOLUTIONS

- Encouraging eco-conscious methods:
  - low VOC paints
  - fixtures and fittings made from recycled materials
  - energy-saving LED lights and signage
  - solar-powered lamps and solar light tubes
  - self-cleaning and anti-skid tile coatings that reduce maintenance
  - rescreeding and recoating floors instead of reconstruction
  - salvaged materials for reuse and downcycling
  - adapting project designs to minimise environmental impact
- Developing and commercialising green products with various strategic partners and technology companies and marketing them either as an authorised distributor or under our own brand:
  - Thermal insulating plaster and screed manufactured from fly ash
  - Composite timber decking manufactured from bamboo wood and recycled plastic
  - Slip resistant floor coating
  - Nano-titanium dioxide photocatalytic coating, which provides air purification and self-cleaning effects that is activated by natural ultra violet rays and visible light

SIGNIFICANT ON-GOING PROJECTS

Type	Project Name	Project Description	Expected Completion Date
A&A	Neighbourhood renewal at Serangoon Ave 2 and Ave 3	HDB / Public Sector	2013
	Neighbourhood renewal at Bukit Batok West Ave 4 and Ave 7	HDB / Public Sector	2014
R&R	R&R and improvement works to 80 blocks of HDB flats and shops at Hougang, Serangoon North and Paya Lebar estates	HDB / Public Sector	2015


A&A: Serangoon Ave 2

COMPETITIVE STRENGTHS

Strong track record in execution of R&R and A&A projects

- More than 200 R&R and A&A projects involving more than 1,500 buildings over the past 15 years
- Recognised for quality and safety - awarded the ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and bizSAFE Level Star
- Competing not just on price - repeatedly winning tenders for public sector projects even when we are not the lowest in price

Long-standing and established relationships with customers, suppliers and sub-contractors

- Competitive edge in securing new projects from established working relationships with various major customers in both the public and private sectors such as town councils, statutory boards, property owners, developers and main contractors
- Exclusive applicator of public housing paint works for SKK
- Exclusive applicator of HDB and town council paint works for Nippon Paint Singapore

Capable of handling a wide spectrum of projects

- Diversified capabilities in servicing residential, commercial, industrial and institutional segments mitigates concentration risk in any particular market segment
- Recurring nature of R&R works mitigates earnings volatility
- Ability to take on "live" projects involving occupied buildings where minimising the impact on building occupants is essential


A&A: Hilton Hotel, Singapore

Experienced and professional team of senior management and key executives

- Each of the Executive Chairman, CEO and Director (Operations) has more than 20 years of experience in the building maintenance and estate upgrading industry and are supported by a team of experienced and competent key executives
- Strong emphasis on professional development and keeping abreast with latest management techniques and market developments

Early mover advantage in environmentally sustainable solutions

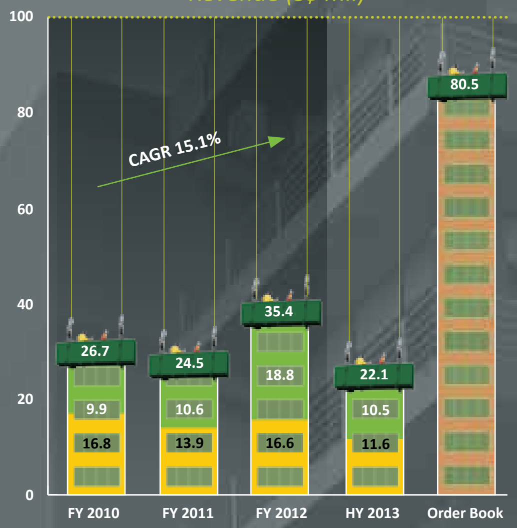
- Early mover advantage in implementing eco-conscious solutions for building and estate upgrading projects
- Staying ahead of competitors with expertise gained from implementing and integrating environmentally sustainable solutions, especially with the increased focus on eco-conscious elements in R&R and A&A projects in line with the government's green initiatives
- Constantly search for eco-conscious innovations through testbed experimentations and subsequent integration into our projects

Deliver cost effective solutions to customers

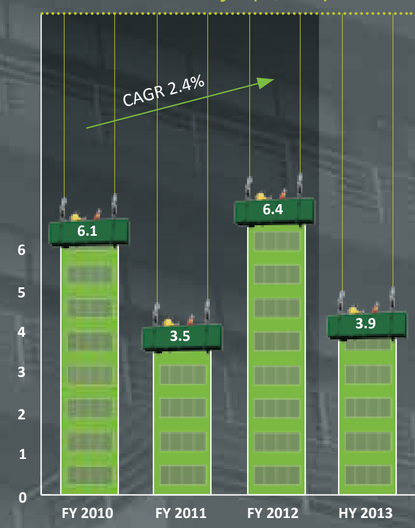
- In-house equipment fleet increases our capacity to undertake more projects and also maximises cost efficiency by reducing equipment leasing costs
- Ability to provide a comprehensive suite of services with our trained in-house wet works, painting, gondolas, and metal works specialist teams

FINANCIAL HIGHLIGHTS (YEAR ENDED 30 JUNE)

Revenue (S$'mil)



Gross Profit (S$'mil)



Net Profit Attributable to Equity Holders of the Company (S$'mil)

A&A   R&R   Order book as at LPD (To be delivered over the next 2 years)

As at the Latest Practicable Date, our order book based on secured contracts amounted to approximately $80.5 million which are expected to be delivered over a period of the next 24 months.

PROSPECTS

Singapore's Blueprint on Sustainable Development and legislation to green existing buildings

- Inter-Ministerial Committee on Sustainable Development recommended for 80% of Singapore's buildings to be green marked by 2030
- Singapore government incentives to encourage building owners to adopt energy efficient retrofitting design, technologies and practices in their existing buildings

Government initiatives

- NEA plans to construct 10 new hawker centres by 2017
- LTA plans to expand the existing network of sheltered linkways by an additional 200km between 2014 and 2018
- Plans to increase the current population of Singapore which directly impacts demand for infrastructure

Regulatory requirements for building maintenance

- Mandatory repainting of building exterior walls at intervals of not more than five years (unless the Commissioner of Buildings approves otherwise) creates perennial demand for R&R works

Opportunities in related or ancillary businesses

- Rising construction costs of new buildings coupled with aging of HDB flats and estates has led to growth in demand for major refurbishment and services that are complementary to our existing capabilities such as home retrofitting, handyman and estate management

STRATEGIES AND FUTURE PLANS

Broadening our green solutions and products for R&R and A&A projects as well as our fleet of equipment, machinery and vehicles fleet

- R&D collaborations with strategic partners, technology companies and institutions to develop and commercialise green products
- Equipment, machinery and vehicle fleet expansion to maintain our competitive edge and service

Business growth through M&As and development of new business segments

- Expand through acquisitions, joint ventures and strategic alliances in Singapore; may consider new markets in neighbouring countries if the opportunity arises
- Establishing the private home renovation arm to provide one-stop retrofitting services to primarily landed properties customers

Extending R&R and A&A services in Singapore to other untapped public and non-public sectors

- Expanding our business portfolio to include other public sector projects such as education institutions and army camps and non-public sector projects such as MCST, industrial and commercial projects
- Enhancing our services and establishing ourselves as a leading provider of green solutions and products

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Ng Cheng Lian (Executive Chairman) Koh Thong Huat (Executive Director and Chief Executive Officer) Foo Joon Lye (Executive Director) Tan Eng Ann (Lead Independent Director) Soh Chun Bin (Independent Director) Ng Kheng Choo (Independent Director)
COMPANY SECRETARIES	:	Wee Woon Hong, LLB (Hons) Tan Wei, CA Singapore
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	No. 57 Kaki Bukit Place Eunos Techpark Singapore 416231
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	**Tricor Barbinder Share Registration Services** 80 Robinson Road #02-00 Singapore 068898
SPONSOR	:	**Hong Leong Finance Limited** 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
PLACEMENT AGENT	:	**UOB Kay Hian Private Limited** 8 Anthony Road #01-01 Singapore 229957
AUDITORS AND REPORTING ACCOUNTANTS	:	**Baker Tilly TFW LLP** **Public Accountants and Chartered Accountants** 15 Beach Road #03-10 Beach Centre Singapore 189677 Partner-in-charge: Ong Kian Guan (A member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE PLACEMENT	:	**Opal Lawyers LLC** 30 Raffles Place #19-04 Chevron House Singapore 048622
RECEIVING BANKER	:	**United Overseas Bank Limited** 80 Raffles Place UOB Plaza Singapore 048624

CORPORATE INFORMATION

PRINCIPAL BANKERS	:	**United Overseas Bank Limited** 80 Raffles Place UOB Plaza Singapore 048624 **DBS Bank Ltd.** 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982 **Oversea-Chinese Banking Corporation Limited** 65 Chulia Street OCBC Centre Singapore 049513 **Standard Chartered Bank** 8 Marina Boulevard #01-01 Marina Bay Financial Centre Tower 1 Singapore 018981
VENDOR	:	**Tan Yee Boon** 33-4, Casa Elita Jalan Sungei 2, Taman Sepitih 58000 Kuala Lumpur Malaysia

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:–

Companies within our Group

"Company"	:	ISOTeam Ltd.
"Group"	:	Our Company and our subsidiaries
"ISO-Seal Waterproofing"	:	ISO-Seal Waterproofing Pte. Ltd.
"ISO-Team Corporation"	:	ISO-Team Corporation Pte Ltd
"ITG-Green"	:	ITG-Green Technologies Pte. Ltd.
"Raymond Construction"	:	Raymond Construction Pte Ltd
"TMS Alliances"	:	TMS Alliances Pte. Ltd.

Other Corporations and Agencies

"ADD Group"	:	ADD Group Pte. Ltd.
"ADD Investment"	:	ADD Investment Holding Pte. Ltd.
"Authority"	:	The Monetary Authority of Singapore
"BCA"	:	Building and Construction Authority
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"HDB"	:	Housing and Development Board
"ISO"	:	International Organisation for Standardisation
"MOM"	:	Ministry of Manpower
"NEA"	:	National Environment Agency
"Nippon Paint Singapore"	:	Nippon Paint (Singapore) Company Private Limited
"Placement Agent" or "UOB Kay Hian"	:	UOB Kay Hian Private Limited

"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SKK"	:	SKK (S) Pte Ltd
"Sponsor" or "HLF"	:	Hong Leong Finance Limited
"WSH"	:	Workplace Safety and Health Council

General

"Application Forms"	:	The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
"Application List"	:	The list of applications for the subscription and/or purchase of the Placement Shares
"Articles of Association"	:	The articles of association of our Company
"*Associate*"	:	(a) in relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the aggregate of the nominal amount of all the voting shares; (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"Associated Company"	:	In relation to a corporation, means:– (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
"Audit Committee"	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
"Audited Combined Financial Statements"	:	The Audited Combined Financial Statements for the Financial Years Ended 30 June 2010, 2011 and 2012 as set out in Appendix A of this Offer Document
"Award Shares"	:	The new Shares which are the subject of the Awards
"Awards"	:	The contingent awards of Shares granted or which may be granted pursuant to the ISOTeam PSP
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
"business trust"	:	Has the same meaning as in section 2 of the Business Trusts Act (Chapter 31A) of Singapore
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	Any or all of the rules in the Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
"CEO"	:	Chief Executive Officer
"CFO"	:	Chief Financial Officer
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as may be amended, supplemented or modified from time to time
"Controlling Shareholder"	:	A person who has an interest in our Shares of an aggregate of not less than 15% of the total votes attached to all our Shares, or in fact exercises control over our Company

"Directors"	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
"entity"	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
"Executive Officers"	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
"FY"	:	Financial year ended or ending 30 June, as the case may be
"GST"	:	Goods and Services Tax
"HY"	:	Half year ended or ending 31 December, as the case may be
"Independent Directors"	:	The non-executive independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
"ISOTeam PSP"	:	The performance share plan of our Company, known as the ISOTeam Performance Share Plan, which was approved on 5 June 2013, particulars of which are set out in the "ISOTeam Performance Share Plan" section of this Offer Document
"Latest Practicable Date"	:	9 June 2013, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
"Lead Independent Director"	:	The lead Independent Director of our Company as at the date of this Offer Document, unless otherwise stated
"Listing Manual"	:	The listing manual of the SGX-ST, as may be amended, varied or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	The 30,730,000 new Shares for which our Company invites applications to subscribe, pursuant to the Placement, subject to and on the terms and conditions of this Offer Document
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated

"Non-Executive Director"	:	The non-executive Director of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
"NTA"	:	Net tangible assets (after non-controlling interests)
"Offer Document"	:	This offer document dated 5 July 2013 issued by our Company in respect of the Placement
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PER"	:	Price earnings ratio
"periods under review"	:	The period which comprises FY2010, FY2011, FY2012 and HY2013
"Placement"	:	The placement by the Placement Agent of the Placement Shares on behalf of our Company and the Vendor for subscription and/or purchase at the Placement Price, subject to and on the terms and conditions of this Offer Document
"Placement Price"	:	$0.22 for each Placement Share
"Placement Shares"	:	The 32,200,000 Placement Shares which are the subject of the Placement comprising 30,730,000 New Shares and 1,470,000 Vendor Shares
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the "Restructuring Exercise" section of this Offer Document
"Securities Account"	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Service Agreements"	:	The service agreements dated 7 June 2013 entered into between our Company and our Executive Directors, David Ng, Anthony Koh and Danny Foo, as described in the "Service Agreements" section of this Offer Document
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, varied or supplemented from time to time

"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Sub-Division"	:	The sub-division of 9,651,759 Shares in the capital of our Company into 86,865,831 Shares as described in the "Share Capital" section of this Offer Document
"Substantial Shareholder"	:	A person who has an interest in the Shares the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in our Company
"Unaudited Interim Combined Financial Statements"	:	The Unaudited Interim Combined Financial Statements for the Six-Months Ended 31 December 2012 as set out in Appendix B of this Offer Document
"Unaudited Proforma Combined Financial Information"	:	The Unaudited Proforma Combined Financial Information for the Financial Year Ended 30 June 2012 and the Six-Months Period Ended 31 December 2012 as set out in Appendix C of this Offer Document
"Vendor"	:	Tan Yee Boon
"Vendor Shares"	:	The 1,470,000 Shares owned by the Vendor for which the Vendor invites applications to purchase on the terms and subject to the conditions set out in this Offer Document

Currencies, Units and Others

"$" and "cents"	:	Singapore dollar and cent, respectively
"sq m"	:	Square metre
"%"	:	Percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and/or the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and/or the Application Forms to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and/or the Application Forms shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our”, “ourselves” or their other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference to “David Ng” in this Offer Document is a reference to Ng Cheng Lian.

Any reference to “Anthony Koh” in this Offer Document is a reference to Koh Thong Huat.

Any reference to “Danny Foo” in this Offer Document is a reference to Foo Joon Lye.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"A&A"	:	Addition and alteration
"BCA Green Mark Scheme" or "Green Mark"	:	The BCA Green Mark Scheme is a green building rating system, promoting the adoption of green building design and technologies to reduce the impact of buildings on the environment. Under this scheme, buildings are assessed for energy and water efficiency, indoor environmental quality and environmental protection and the adoption of other green features. Depending on the overall assessment, a building will be awarded one of the four Green Mark ratings: Green Mark Certified, Gold, Goldplus or Platinum. The scheme is open to both new and existing buildings
"consultants"	:	Refers to architects, civil and structural engineers, mechanical and electrical engineers, quantity surveyors or other specialist consultants engaged in construction projects
"CR06"	:	Interior decoration and finishing works category under the BCA. Includes interior design, planning and the decoration of buildings such as ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling
"CR09"	:	Repairs and redecoration category under the BCA. Includes repainting and minor non-structural repair of buildings and existing structures. These works should not include A&A works involving structural changes
"CR13"	:	Waterproofing installation category under the BCA. Includes waterproofing of basements, roofs and walls
"CW01"	:	General building category under the BCA. Includes all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structures include multi-storey carparks, buildings for parks and playgrounds and other recreational works, industrial plants and utility plants. Scope of work includes A&A works on buildings involving structural changes and installation of roofs
"GFA"	:	Gross floor area

"ISO 9001:2008"	:	Requirements for an environmental management system to enable an organisation to develop and implement policies and objectives which take into account legal and other requirements to which the organisation subscribes, and information about significant environmental aspects. It applies to those environmental aspects that the organisation identifies as those which it can control and those which it can influence. It does not itself state specific environmental performance criteria
"MCST"	:	A management corporation constituted under the Building Maintenance and Strata Management Act 2004
"MYE"	:	Man-Year Entitlements
"nano-titanium dioxide photocatalytic coating"	:	An eco-friendly coating which provides air purification and self-cleaning effects that is activated by natural ultra violet rays and visible light
"OHSAS 18001:2007"	:	Requirements for an occupational health and safety management system, to enable an organisation to control its occupational health and safety risks and improve its performance. It requires an organisation to conduct a risk assessment and manage those risks that must include objectives to demonstrate continuous improvement
"R&R"	:	Repairs and redecoration
"VOC"	:	Volatile organic compound

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our or the Vendor's behalf that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:–

(a) our revenue and profitability;

(b) expected growth in demand;

(c) expected industry trends;

(d) anticipated expansion plans; and

(e) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:–

(a) changes in political, social, economic and stock or securities market conditions and the regulatory environment in the countries in which we conduct business;

(b) changes in currency exchange or interest rates;

(c) our anticipated growth strategies and expected growth;

(d) changes in the availability and prices of products we sell;

(e) changes in customer preference;

(f) changes in competitive conditions and our ability to compete under these conditions;

(g) changes in our future capital needs and the availability of financing and capital to fund these needs;

(h) the factors described in the "Risk Factors" section of this Offer Document; and

(i) other factors beyond our control.

All forward-looking statements made by or attributable to us, or persons acting on our or the Vendor's behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, we advise you not to place undue reliance on those statements which apply only as at the date of this Offer Document. Neither our Company, the Vendor, the Sponsor, the Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. Further, our Company, the Vendor, the Sponsor and the Placement Agent disclaim any responsibility to update any of those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of (a) a false or misleading statement in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance has arisen since the Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, we (and on behalf of the Vendor) may, in consultation with the Sponsor and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Vendor, the Sponsor and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendor, the Sponsor and the Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

LISTING ON CATALIST

The Sponsor has made an application to the SGX-ST for permission to deal in, and for quotation of, all our existing issued Shares already issued (including the Vendor Shares), the New Shares and the Award Shares on Catalist. The dealing in, and quotation for, our Shares (including the Vendor Shares), the New Shares and the Award Shares will be in Singapore Dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. Applicants should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with their professional adviser(s).

The Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares being offered for investment.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the SFA, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, has been complied with.

Acceptance of applications will be conditional upon the issue of New Shares and the listing and quotation of all our existing issued Shares (including the Vendor Shares) and the New Shares. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Vendor, the Sponsor or the Placement Agent.

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of our Shares, on the basis of this Offer Document.

We are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of:–

(a) a false or misleading statement in this Offer Document;

(b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or

(c) a new circumstance that has arisen since this Offer Document was lodged which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we (and on behalf of the Vendor) may lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for and/or purchase the Placement Shares and:–

(a) where the Placement Shares have not been issued and/or transferred to the applicants, we (and on behalf of the Vendor) shall either:–

   (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing on how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

   (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or

   (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we (and on behalf of the Vendor) shall, within seven days from the date of lodgement of the supplementary or replacement offer document, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

(b) where the Placement Shares have been issued and/or transferred to the applicants, we and the Vendor shall either:–

   (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing on how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us and/or the Vendor the Placement Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;

   (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us and/or the Vendor the Placement Shares which they do not wish to retain title in; or

(iii) treat the issue and/or transfer of the Placement Shares as void, in which case the issue and/or transfer shall be deemed void and we (and on behalf of the Vendor) shall within seven days from the date of lodgement of the supplementary or replacement offer document, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification, return to him all monies paid by him on account of his application for those Shares.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we (and on behalf of the Vendor) shall, within seven days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Placement Shares, and the issue and/or transfer of those Placement Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to our Company, directing that no or no further Shares, to which this Offer Document relates, be allotted or issued or transferred. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, or (iii) does not, in the Authority's opinion, comply with the requirements of the SFA.

In the event that the Authority issues a Stop Order and applications to subscribe for and/or purchase the Placement Shares have been made prior to the Stop Order, then:

(a) where the Placement Shares have not been issued and/or transferred to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company (and on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

(b) where the Placement Shares have been issued and/or transferred to the applicants, the issue and/or transfer of the Placement Shares shall be deemed to be void and our Company (and on behalf of the Vendor) shall, (i) if no documents purporting to evidence title to those Placement Shares have been issued and/or transferred to the applicants, within seven days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares, or (ii) if documents purporting to evidence title to those Placement Shares have been issued and/or transferred to the applicants, within seven days from the date of the Stop Order, inform the applicants to return such documents to our Company within 14 days from that date and within seven days from the date of receipt of such documents or the date of the Stop Order, whichever is the later, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares.

Where monies are to be returned to applicants for the Placement Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at the applicants' own risk, and the applicants will not have any claim against our Company, the Vendor, the Sponsor and/or the Placement Agent.

This Offer Document has been seen and approved by our Directors and the Vendor, and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the facts stated and the opinions, intentions and expectations expressed in this Offer Document are true, fair and accurate and not misleading in all material respects as at the date of this Offer Document; (ii) there are no material facts the omission of which would make any statement in this Offer Document misleading; and (iii) this Offer Document constitutes a full and true disclosure of all material facts about the Placement, our Group and our Shares.

Neither our Company, the Vendor, the Sponsor, the Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares.

The Placement Shares are offered for subscription and/or purchase solely on the basis of the information contained and the representations made in this Offer Document.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, the Sponsor or the Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any document relating to the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, we will promptly make an announcement of the same to the SGX-ST and if required under the SFA, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement, and/or supplementary or replacement offer document and, upon the release of such an announcement, and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company, or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document may be obtained on request, subject to availability, during office hours from:–

HONG LEONG FINANCE LIMITED	**UOB KAY HIAN PRIVATE LIMITED**
16 Raffles Quay	8 Anthony Road
#01-05 Hong Leong Building	#01-01
Singapore 048581	Singapore 229957

An electronic copy of this Offer Document is also available on the SGX-ST website at http://www.sgxcatalist.com.

The Application List will open immediately upon registration of the Offer Document by SGX-ST acting as agent of the Authority and will remain open until 12.00 noon on 10 July 2013 or for such further period or periods as our Directors and the Vendor may, in consultation with the Sponsor and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for applications to subscribe for and/or purchase the Placement Shares are set out in Appendix H of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out below for your reference:–

Indicative Date and Time	**Event**
10 July 2013, 12.00 noon	Close of Application List
12 July 2013, 9.00 a.m.	Commence trading on a “ready” basis
17 July 2013	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 10 July 2013, the date of admission of our Company to Catalist is 12 July 2013, the SGX-ST’s shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 12 July 2013.

The Placement will be open from 5 July 2013 (immediately upon registration of the Offer Document) to 12.00 noon on 10 July 2013.

The above timetable and procedures may be subject to such modification as the SGX-ST may in its discretion decide, including the commencement date of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:–

(i) through a SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and

(ii) in major English language newspaper(s) in Singapore.

We will provide details of the results of the Placement (including the level of subscription for the Placement Shares), as soon as practicable after the closure of the Application List through the channels described in (i) and (ii) above.

Investors should consult the SGX-ST announcement of the "ready" trading date on the internet (at the SGX-ST website http://www.sgx.com) or newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

The information contained in this summary is derived from and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that potential investors should consider before investing in the Shares of our Company. Potential investors should read this entire Offer Document carefully, especially the matters set out in the "Risk Factors" section of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore on 12 December 2012 under the Companies Act as a private company limited by shares under the name of ISOTeam Pte. Ltd.. On 12 June 2013, our Company was converted into a public company limited by shares and our name was changed to "ISOTeam Ltd.".

Our Business

We are a building maintenance and estate upgrading company experienced in implementing eco-driven solutions through the provision of R&R and A&A services for the public and private sector projects. We have about 15 years of experience in upgrading, retrofitting and maintenance of buildings and facilities in Singapore.

We are both R&R and A&A service providers, and are principally engaged in the provision of work and services for the repairs and redecoration, alteration and change of use, retrofitting, upgrading, reroofing and waterproofing of existing buildings for both public and private sectors in Singapore.

We provide eco-driven solutions in our R&R and A&A projects to enable older buildings to become eco-friendly buildings in response to our customers' requirements and in tandem with the Singapore governmental policy to promote "green policy" for buildings in Singapore. We have in place a green procurement policy to identify and differentiate products and building methods which are environmentally friendly, energy and water efficient and serve to minimise resource wastage, encourage reuse and recycling and conserve energy and other resources.

Our customers from the public sector include town councils, government bodies and statutory boards such as HDB and those from the private sector include property owners and developers and main contractors.

Our R&R works are mainly conducted through ISO-Team Corporation and TMS Alliances whereas our A&A services are mainly undertaken by Raymond Construction.

Further details are set out in the "Business Overview" section of this Offer Document.

Our Competitive Strengths

Our Directors believe our competitive strengths are as follows:–

- We have a strong track record in execution of R&R and A&A projects
- We have long-standing and established relationships with our customers, suppliers and sub-contractors
- We are capable of handling a wide spectrum of projects
- We have an experienced and professional team of senior management and key executives

- We believe we have an early mover advantage in providing environmentally sustainable solutions, which is in tandem with the "green building" policy

- We invest in our own fleet of equipment and train our workforce to develop our capabilities which enable us to deliver cost effective solutions to our customers

Further details are set out in the "Competitive Strengths" section of this Offer Document.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:–

- Expanding our business in providing green solutions and products for R&R and A&A projects and our fleet of equipment, machinery and vehicles

- Expanding our business through acquisitions, joint ventures and/or strategic alliances, as well as developing new businesses

- Increasing our offerings in R&R and A&A services in Singapore to other public and non-public sector projects

Further details are set out in the "Prospects, Business Strategies and Future Plans" section of this Offer Document.

Where you can find us

Both our principal place of business and registered office are located at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231. Our telephone and facsimile numbers are (65) 6747 0220 and (65) 6747 0110 respectively. Our Company Registration Number is 201230294M. Our internet address is http://isoteam.com.sg/. **Information contained in our website does not constitute part of this Offer Document.**

FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements, Unaudited Interim Combined Financial Statements and Unaudited Proforma Combined Financial Information set out in Appendices A, B and C of this Offer Document, respectively, and the "Management's Discussion and Analysis of Results of Operations and Financial Position" section of this Offer Document.

Selected items from the Combined Statements of Comprehensive Income(1)

	← Audited →			Unaudited	
($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2012**	**HY2013**
Revenue	26,658	24,527	35,430	16,052	22,088
Gross profit	6,103	3,544	6,418	3,600	3,906
PBT	2,583	238	3,376	1,572	1,613
PAT	2,130	148	2,954	1,367	1,317
EPS (cents)(2)	2.45	0.17	3.40	1.57	1.52
EPS (fully diluted) (cents)(3)	1.81	0.13	2.51	1.16	1.12

Selected items from the Combined Statements of Financial Position[(4)]

($'000)	Audited As at 30 June 2012	Unaudited As at 31 December 2012
Non-current assets	6,284	4,724
Current assets	20,887	21,410
Non-current liabilities	730	598
Current liabilities	14,322	14,600
NTA	12,119	10,936
Shareholders' equity	12,119	10,936
NTA per Share (cents)[(5)]	13.95	12.59

Notes:–

(1) Our Combined Statements of Comprehensive Income for the periods under review have been prepared on the basis that our Group had been in existence throughout the periods under review.

(2) For comparative purposes, EPS for the periods under review have been computed based on the PAT and our pre-Placement share capital of 86,865,831 Shares.

(3) For comparative purposes, EPS for the periods under review have been computed based on the PAT and our Post-Placement share capital of 117,595,831 Shares.

(4) Our Combined Statements of Financial Position as at 30 June 2012 and 31 December 2012 have been prepared on the basis that our Group had been in existence on these dates.

(5) The NTA per Share as at 30 June 2012 and 31 December 2012 have been computed based on our pre-Placement share capital of 86,865,831 Shares.

THE PLACEMENT

Issue size	:	32,200,000 Placement Shares comprising 30,730,000 New Shares and 1,470,000 Vendor Shares. The New Shares, which form part of the Placement, will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.
Placement Price	:	$0.22 for each Placement Share.
The Placement	:	The Placement comprises an offering by the Placement Agent on behalf of our Company and the Vendor of 32,200,000 Placement Shares at the Placement Price by way of placement, subject to and on the terms and conditions of this Offer Document.
Purpose of the Placement	:	Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business growth. The Placement will also provide members of the public, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
Listing status	:	Our Shares will be quoted on Catalist in Singapore dollars, subject to admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.
Risk factors	:	Investing in our Shares involves risks which are described in the “Risk Factors” section of this Offer Document.

The Placement Price is determined by us and the Vendor in consultation with the Sponsor and the Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Placement Shares determined through a book-building process. The Placement Price is the same for all the Placement Shares and is payable in full on application.

Placement Shares

Application for the Placement Shares may only be made by way of Placement Shares Application Forms. The terms, conditions and procedures for applications are described in Appendix H of this Offer Document.

Subscribers and/or purchasers of Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price (plus GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

None of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Placement Shares in the Placement. None of our members, management or employees intends to subscribe for and/or purchase more than 5% of the Placement Shares in the Placement.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for and/or purchase more than 5% of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for and/or purchase more than 5% of the Placement Shares. If such person(s) were to make an application for more than 5% of the Placement Shares pursuant to the Placement and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at the appropriate time. The final allotment and/or allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in the Catalist Rules.

No Shares shall be allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

USE OF PROCEEDS FROM THE PLACEMENT AND EXPENSES INCURRED

The net proceeds raised from the Placement (comprising the New Shares and the Vendor Shares), after deducting the estimated expenses in relation to the Placement of approximately $1.5 million will be approximately $5.6 million. We will not receive any of the proceeds from the Vendor Shares sold by the Vendor in the Placement. The net proceeds attributable to the Vendor from the sale of the Vendor Shares, after deducting the Vendor's share of the estimated expenses of approximately $8,000, will be approximately $0.3 million.

The net proceeds to be raised by our Company from the issue of the New Shares, after deducting our share of the estimated expenses of approximately $1.5 million, are approximately $5.3 million.

The allocation of each principal intended use of proceeds and the estimated listing expenses is set out below:–

	$'000	As a Percentage of Gross Proceeds from the Placement (%)
Use of proceeds		
To expand our business in providing green solutions and products for R&R and A&A projects and our fleet of equipment, machinery and vehicles	1,200	17.8
To expand our business through acquisitions, joint ventures and/or strategic alliances, as well as developing new businesses	2,500	37.0
General working capital	1,570	23.2
Net proceeds	5,270	78.0
Estimated listing expenses(1)		
Listing and processing fees	52	0.8
Professional fees and expenses	1,169	17.3
Placement commission and brokerage	179	2.6
Miscellaneous expenses	91	1.3
Gross proceeds from the Placement	6,761	100.0

Note:–

(1) Of the total estimated listing expenses to be borne by our Company of approximately $1,491,000, approximately $519,000 will be capitalised against share capital and the balance of the estimated listing expenses will be charged to profit or loss.

Save for the placement commission and brokerage which will be borne by our Company and the Vendor in proportion to the number of Placement Shares offered by each of them bears to the total number of Placement Shares, all other listing expenses will be borne by our Company.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

Please refer to the "Business Strategies and Future Plans" section of this Offer Document for further details on our future plans and use of proceeds.

USE OF PROCEEDS FROM THE PLACEMENT AND EXPENSES INCURRED

Pending the deployment of the net proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

We will make periodic announcements on the use of the net proceeds from the issue of the New Shares as and when the funds are materially disbursed, and provide a status report on the use of the proceeds in our annual report.

In the event that any part of our proposed uses of the net proceeds from the issue of the New Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to a full sponsorship and management agreement dated 5 July 2013 (the "Management Agreement") entered into between our Company, the Vendor and HLF, our Company and the Vendor appointed HLF as introducing sponsor to manage the Placement. HLF will receive a fee from our Company for such services rendered in connection with the Placement.

Pursuant to a placement agreement dated 5 July 2013 (the "Placement Agreement") entered into between our Company, the Vendor and UOB Kay Hian as the Placement Agent, UOB Kay Hian agreed to subscribe for and/or purchase, or procure subscribers and/or purchasers for the Placement Shares at the Placement Price for a placement commission of 2.5% of the aggregate Placement Price for the total number of Placement Shares, payable by our Company and the Vendor in the proportion in which the Placement Shares are offered by our Company and the Vendor. UOB Kay Hian may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers and/or purchasers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price (plus GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted by our Company within the two years preceding the date of this Offer Document or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company and our subsidiaries.

If there shall have been, since the date of the Management Agreement and prior to the close of the Application List:–

(a) any breach of the warranties or undertakings by our Company or the Vendor in the Management Agreement which comes to the knowledge of HLF; or

(b) any occurrence of certain specified events which comes to the knowledge of HLF; or

(c) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company or of our Group as a whole; or

(d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or

(e) any change, or any development involving a prospective change, in local, national or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions); or

(f) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction; or

(g) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or

(h) any other occurrence of any nature whatsoever,

which has resulted or is in the reasonable opinion of the Sponsor likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or is likely to materially prejudice the success of the Placement; or it becoming impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management Agreement or the Placement; or the business, trading position, operations or prospects of our Group being materially and adversely effected; results or is likely to result in the issue of a notice of refusal to an admission of our Company to the Official List of Catalist by the SGX-ST to the Sponsor at any point prior to the listing of our Shares; or makes it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor to observe or perform or be obliged to observe or perform the terms of the Management Agreement, the Sponsor may at any time prior to the close of the Application List rescind or terminate the Management Agreement.

The Sponsor may terminate the Management Agreement if:–

(a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to the Official List of Catalist is issued by the SGX-ST to the Sponsor; or

(b) at any time after the registration of this Offer Document with the SGX-ST but before the close of the Application List, our Company (and on behalf of the Vendor) fails and/or neglects to lodge a supplementary or replacement offer document (as the case may be) if we become aware of:–

    (i) a false or misleading statement in this Offer Document;

    (ii) an omission from this Offer Document of any information that should have been included in it under the SFA; or

    (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

    that is materially adverse from the point of view of an investor; or

(c) the Shares have not been admitted to Catalist on or before 12 July 2013 (or such other date as our Company, the Vendor and the Sponsor may agree).

The obligations under the Placement Agreement are conditional upon the Management Agreement not being determined or rescinded pursuant to the provisions of the Management Agreement. In the case of the non-fulfilment of any of the conditions in the Management

Agreement or the release or discharge of the Sponsor from its obligations under or pursuant to the Management Agreement, the Placement Agreement shall be terminated and the parties shall be released from their respective obligations under the Placement Agreement.

In the event that the Management Agreement and/or the Placement Agreement is terminated, our Directors and the Vendor reserve the right, at their absolute discretion, to cancel the Placement.

Save as disclosed above, we and the Vendor do not have any material relationship with the Sponsor and the Placement Agent.

Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document before deciding to invest in our Shares. To the best of our Directors' and the Vendor's knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develop into actual events, our business, financial position and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Changes in government budget, legislation, regulations or policies which affect building maintenance and estate upgrading will adversely affect our financial performance

As we derive most of our revenue from building maintenance and estate upgrading business in Singapore, any changes in government budget, legislation, regulations or policies directly or indirectly affecting such business sector in Singapore may adversely affect our business operations and/or have a negative impact on the demand for our R&R and A&A services. For example, we will be directly affected if the government tightens its budget allocation for the upgrading of old neighbourhoods and precincts, which in turn results in a lower supply of R&R and A&A projects in the public sector. In such a case, the reduction in the number of R&R and A&A projects in the public sector may result in lower profit margins and reduced revenue for our Group due to increased competition. Other examples of changes in government policies which may affect our business are (i) any change in the regulatory requirement for building maintenance; and (ii) any change in government initiatives to promote connectivity to transport networks or to promote resource efficient buildings. Such changes would affect the demand for our services and may have an adverse effect on our Group's revenue and profit margin. Please refer to the "Prospects, Business Strategies and Future Plans" section of this Offer Document for further details.

In addition, compliance with changes in government legislation, regulations or policies may also increase our costs and any significant increase in compliance costs arising from such changes may adversely affect our financial performance. For example, our labour costs mainly comprise of employees' wages, bonuses and CPF contributions. Labour costs are generally affected by government policies regulating, *inter alia*, CPF contributions to be made by our Group as employer as well as any government initiatives to increase wages or if the government imposes minimum wage requirements. Our Group's operating costs will increase as a result of such policies and there will be a corresponding impact on our Group's profitability.

As such, there is no assurance that any changes in government budget, legislation, regulations and policies will not have an adverse effect on our financial performance and financial position.

We are reliant on foreign labour

Due to scarce supply of local manpower, our Group is highly dependent on foreign workers and is vulnerable to the shortage and high employment costs of foreign workers. Singapore's construction industry faces a perennial problem of skilled labour shortage at all levels, which has been exacerbated by the current construction boom. The availability of both skilled and unskilled foreign labour is subject to policies imposed by MOM and the foreign affairs policies of the countries in which these foreign workers are domiciled. The availability, requirements and cost of housing for such workers are also subject to government policies. Any changes in such policies may affect the supply of foreign manpower and cause disruptions to our Group's projects. For example, MOM imposes a quota on the number of foreign workers that we and our sub-contractors can employ in respect of each of our R&R and A&A projects. Depending on the requirements of our projects, the tightening of such quota on the number of foreign workers that we and our sub-contractors can employ could affect our business operations and financial performance. In addition, foreign workers' levies are payable to the government for the employment of foreign workers in Singapore. The Singapore government had announced in Budget 2013 that with effect from 1 July 2014 and 1 July 2015, there would be progressive increases in foreign workers' levies. If we are unable to or do not factor such increases in the levies imposed by MOM into our tender proposals, our Group's labour costs will increase and may have a material adverse impact on our Group's operations and financial performance. Please refer to the "Sub-contracting" section of this Offer Document for further details.

Our business is dependent on the services of our sub-contractors

We engage sub-contractors to provide various services for our R&R and A&A projects, including painting work, carpentry work, waterproofing, ceiling work, tiling work, wet work, plumbing and sanitary work, roofing, aluminium work, steel work, metal work, coating, concrete work, electrical work, brick-laying, plastering services, landscaping and other specialist work. Sub-contracting costs accounted for approximately 62.4%, 56.5%, 60.9% and 65.4% of our total cost of sales in FY2010, FY2011, FY2012 and HY2013 respectively. These sub-contractors are selected based on, *inter alia*, our past working experience with them, their competitiveness in terms of their pricing, quality and ability to meet the stipulated timelines. We cannot ensure that the services rendered by these sub-contractors will be satisfactory or that they will continue to meet our requirements for quality. In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they are contracted for, thus delaying the completion of or failing to complete our projects, resulting in additional costs to us or exposing us to the risk of liquidated damages. Please refer to the "Litigation" section of this Offer Document for the details on two disputes involving our Group and sub-contractors. Any of these factors could have a material adverse effect on our business, financial condition and operating results.

We may face cost overruns for our projects or a rise in material and/or equipment leasing costs

We derive most of our revenue from project progress billings. In the preparation of tenders for our projects, internal costing and budgetary estimates for our suppliers and sub-contractors are pre-determined under the relevant terms of the tenders. Given the nature of these projects, our Group is susceptible to cost overruns and fluctuations in sub-contracting services, material and equipment leasing costs and labour costs, which may result in additional unanticipated costs over and above the contract value. Unforeseen circumstances beyond our Group's control such as bad weather conditions, unanticipated construction constraints at worksites, additional work which was not previously factored into the contract value, increase in the costs of sub-contracting services, additional equipment leasing costs, rise in material and labour costs, unanticipated variations in labour productivity over the term of a contract, poor site management, wastage, damage or over-order of materials may also result in cost overruns. Our Group's profit margin of a project will be adversely affected in the event of cost overruns.

We do not enter into long-term supply contracts with our suppliers and are subject to price fluctuations and disruptions of the supply of construction materials

Construction materials contributed a significant part of our cost of sales, amounting to 18.7%, 19.8%, 18.2% and 16.3% in FY2010, FY2011, FY2012 and HY2013 respectively. Such construction materials used by our Group include steel, aggregates, cement, sand, pipes, sanitary fittings, window and door fittings, light fittings and paints. The prices of these construction materials may fluctuate due to changes in supply and demand conditions as well as disruptions to their supply and usage. We do not currently have a long-term supply contract with any of our suppliers for these construction materials. Any sudden or adverse change in the prices of construction materials or shortage of supply or reduction of allocation of construction materials to us from our suppliers or disruptions to the supply and usage of construction materials for any reason may adversely affect our operations or result in us having to pay a higher price for these construction materials. Furthermore, during the course of our projects, our costs may increase beyond our initial projections should the prices of construction materials increase significantly and we may not be able to pass on such increase in prices of construction materials to our customers if our contracts with our customers do not permit any adjustment for escalation in the price of construction materials. In such event, our operating results and financial performance will be adversely affected.

Potential loss of B1 status and/or revocation or non-renewal of licences and permits will adversely affect our financial performance

Our Group is registered with BCA as a B1 contractor which allows our Group to tender for public sector contracts of up to $40.0 million. To maintain our Group's existing B1 status for general building (CW01), our Group has to, among other requirements, secure projects with aggregate values of at least $40.0 million over a three-year period and maintain paid-up capital and net capital worth of $1.0 million. In the event that the B1 status cannot be maintained, our Group will not be able to tender for public sector contracts of value up to $40.0 million. This will have an adverse impact on our Group's financial performance.

In addition, our Group is required to obtain various licences and permits to operate our business in Singapore. The licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Failure to comply with such conditions could result in the revocation or non-renewal of the relevant licence or permit. As such, we have to constantly monitor and ensure our compliance with such conditions. Should there be any failure to comply with such conditions resulting in the revocation or non-renewal of any of our licences and permits, we will not be able to carry out our operations. In such an event, our operations and financial performance will be materially and adversely affected.

We may be affected by the loss of exclusive rights with SKK and Nippon Paint Singapore

Our Group is the exclusive applicator of paint works for SKK for R&R projects under the public housing sector. SKK is one of our major customers, accounting for 14.0%, 21.6%, 17.7% and 20.3% of our revenue for FY2010, FY2011, FY2012 and HY2013 respectively. Please refer to the "Major Customers" section of this Offer Document for further details. In addition, TMS Alliances is the exclusive applicator of paint works for Nippon Paint Singapore for R&R projects under the public housing sector. There is no assurance that SKK and/or Nippon Paint Singapore would continue to collaborate with our Group in the future. In the event such collaborations with SKK and/or Nippon Paint Singapore are terminated, our business and financial performance will be adversely affected.

Our revenue is volatile and subject to changes in accounting policies and revenue recognition

Our revenue is generated by way of contracts secured through the competitive process of open and closed tenders. Owing to the high value of each contract available for tender, our Group's revenue is volatile and may fluctuate greatly from year to year depending on the number, value and duration of the contracts that are successfully secured by our Group. Potential investors should note that the past financial performance and financial condition of our Group are not to be taken as an indication of the future financial performance and financial condition of our Group.

In addition, we recognise revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured. Revenue from project contracts is recognised based on the percentage of completion method. When the outcome of a project contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. When the outcome of a project contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Any changes in accounting policies or Singapore Financial Reporting Standards may also have an adverse effect on our Group's financial performance. Please refer to the "Management's Discussion and Analysis of Results of Operations and Financial Position" section of this Offer Document for more information.

We may be affected by accidents at our project sites

Due to the nature of our business, accidents or mishaps may occur at the sites of our projects even though we have put in place certain safety measures. Such accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project, and in the event of such delay, we could be liable to pay liquidated damages under the contracts with our customers. In addition, if we are found guilty of any lapses or inadequacy in safety standards which result in such accidents or mishaps, we may be subject to regulatory sanctions, civil law suits or liability claims. In such an event, our business, results of operations and financial performance may be materially and adversely affected. Further, such accidents or mishaps may subject us to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by our insurance policies may materially and adversely affect our results of operations and financial performance.

We are dependent on key personnel for our continued success

Our success to date has been largely attributable to the efforts of our key management led by our Executive Directors, namely David Ng, Anthony Koh and Danny Foo, who are supported by our Executive Officers, most of whom have more than 10 years of experience in the building maintenance and estate upgrading industry. Our continued success is dependent to a large extent, on our ability to retain the services of our management team, who are responsible for our day-to-day operations and the implementation of the business strategy and corporate development of our Group. The loss of the services of our key executives without suitable replacements may have an adverse impact on our business operations and the future growth of our Group. Please refer to the "Directors, Executive Officers and Staff" section of this Offer Document for details of the qualifications and working experience of our management team.

Our business may be affected by competition by existing industry players and new entrants

We operate in a highly competitive industry and our success depends to a large extent on our ability to compete effectively against other players within the industry and respond in an effective and timely manner to cope with changing market conditions and trends. There is no assurance that we will be able to compete effectively with existing industry players or new entrants. Should our existing or new competitors offer products and services similar to ours at a lower cost or engage in aggressive pricing in order to increase or gain market share, our revenue may decline if we are not able to match such lower pricing. As a result, such competitive pressures could result in a negative impact on our pricing (thus eroding our profit margins), erode our market share or make it more difficult for us to achieve any significant market penetration. In the event we are unable to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends, our business and financial performance will be adversely affected. Please refer to the "Competition" section of this Offer Document for further details of our competitors.

Disputes, claims and variation orders can erode our Group's profitability

We may be involved from time to time in disputes with various parties involved in the R&R and A&A projects that we undertake. These parties include sub-contractors, suppliers and other partners. These disputes may lead to legal and other proceedings and may result in substantial costs and diversion of management's resources and attention. In addition, we are subject to reviews by the authorities and other regulatory bodies. Any administrative proceedings and unfavourable decrees issued by these authorities and other regulatory bodies may result in financial losses or a delay in the execution or completion of our projects which will have a material and adverse effect on our financial performance and financial position.

During the course of a project, the project owner may request our Group to perform additional works which are not specified in the original contract or to carry out variations to the specifications stipulated in the original contract. At times, the parties may agree that variation orders be performed before the costs for such additional works are finalised between the parties. Hence, the final values of such variation orders may be subject to dispute by the project owner. Our Group's earnings will be adversely affected if we are required to bear any part of the variation costs.

We will be liable to pay liquidated damages in the event of delay in the completion of projects

Our Group may be liable to pay liquidated damages in the event of any delays in the completion of a project within the specified date of completion as provided in the contract. The quantum of liquidated damages payable is normally stated in the contracts. However, our Group would not be liable for liquidated damages and may be granted an extension of completion time if the delay is caused by external factors that are beyond our control such as bad weather conditions. Since the commencement of our business, there was one incident where we were liable to pay liquidated damages. This was in connection with the project of performing A&A works at Bedok South Avenue 3 undertaken by Raymond Construction. Due to the non-compliance of the project schedule by our sub-contractors which resulted in the project not being completed within the stipulated timeline in the contract, Raymond Construction was required to pay liquidated damages amounting to approximately $440,000. While we have the right to claim against our sub-contractors should the delay in the completion of the project be attributable to their fault, there is no assurance that we can make such claim successfully. Please refer to the "Litigation" section of this Offer Document for further details. There can be no assurance that there will not be any delays in existing and future projects which we undertake resulting in the payment of liquidated damages which could have a material impact on our financial performance and financial condition.

Our operating cash flows may be adversely affected by delays in finalisation of the value of additional works under variation orders and in certification of completed works by our customers

During the course of a project, we may be instructed and may perform additional works under variation orders before finalisation of the project accounts for such additional works. In addition, we will raise invoice and receive payment for completed works only when our customers have certified that the projects have reached the milestones for billing purposes. Pending certifications by our customers for billing purposes, we may be required to pay our suppliers and sub-contractors first notwithstanding that our customers have not issued such certificates or paid us. Any delay in finalisation of the value of additional works under variation orders or in certification of completed works by our customers leading to a delay in our billing and receipt of payment will also adversely affect our operating cash flows.

We are dependent on obtaining adequate financing to fund our operations

The contract sum for our R&R and A&A projects are payable by our customers to us progressively according to the stage of completion of the relevant R&R and A&A project. To carry out a R&R and A&A project, we will require adequate funding either from internal resources or borrowings to fund the working capital of the project. In addition, we may be required to secure the requisite performance bonds or guarantees from insurance companies or financial institutions to secure our performance under the relevant contract. If we are unable to secure adequate financing, our business and growth will be adversely affected.

We may require additional funding for our future growth

Although we have identified our future growth plans as set out in the "Business Strategies and Future Plans" section of this Offer Document, the proceeds from the Placement may not be sufficient to cover the estimated costs to implement all these plans. Under such circumstance, we may need to obtain debt or equity financing to implement these growth opportunities.

Additional debt and/or equity financing may result in dilution to our Shareholders. If such financing does not generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price.

Additional debt financing may, apart from increasing interest expense and gearing, result in all or any of the following:–

- limit our ability to pay dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

There is no assurance that we will be able to obtain additional debt and/or financing on terms that are acceptable to us or at all. Any inability to secure additional debt and/or financing may materially and adversely affect our business, implementation of our business strategies and future plans and results of operations.

There is no assurance that our expansion plans will be successful

In order to grow our business, we intend to expand in accordance with our future plans as set out in the "Business Strategies and Future Plans" section of this Offer Document, which include expanding our business through acquisitions, joint ventures and strategic alliances or investment opportunities in businesses that are complementary to our business. Participation in strategic alliances, acquisitions, or investments similarly involves risks, including but not limited to difficulties in integrating management, operations, services, products and personnel. The successful integration of such growth strategies depends on our ability to identify suitable partners and the successful integration of operations. There can be no assurance that we will be able to execute such growth strategies successfully. Should any of the aforesaid events occur, our profitability may be adversely affected.

We are exposed to credit risks of our customers

Our financial position and profitability is dependent on the credit-worthiness of our customers. If there are any unforeseen circumstances affecting our customers' ability or willingness to pay our fees, we may experience defaults in payment which will adversely affect our financial position and profitability. Please refer to the "Credit Management" section of this Offer Document for more details.

We may not be able to secure new projects

It is crucial for the continued success of our business that we manage to continuously secure new projects of a high value since most of the A&A projects are one-off in nature. There is no assurance that our Group will be able to secure new and lucrative projects on a regular basis. In addition, our resources are limited and we will not be able to participate in tenders for projects which may generate lucrative profit margins if we do not have the capacity to undertake the work. If we are unable to secure new and lucrative projects, our business and financial performance will be materially and adversely affected.

Significant warranty claims will adversely affect our financial position

Depending on the nature of the work, certain of our projects and works require us to provide a warranty which generally ranges between two to 14 years. The warranty covers defects and any premature wear and tear of the materials used. We do not charge our customers the rectification and repair works to be carried out by us that are covered under the warranty. During the warranty period, as we will remain primarily responsible for any claims made under the warranty, any significant warranty claims for rectification and repair works will have an adverse effect on our business operations, financial performance and financial condition.

We may be affected by an outbreak of dengue, communicable diseases or severe weather conditions

An outbreak of dengue or various communicable diseases such as the recent cases of H7N9 avian influenza reported in the People's Republic of China, severe acute respiratory syndrome and avian influenza in the future may potentially affect our operations as well as the operations of our customers, suppliers and sub-contractors. In the event that any of the employees in any of our offices or worksites or those of our customers, suppliers and sub-contractors is affected by a dengue outbreak or any communicable diseases, we or our customers, suppliers and sub-contractors may be required to temporarily shut down our or their offices or worksites to prevent the spread of the diseases. Severe weather conditions would result in delays in the completion of our projects which in turn will have a negative impact on our business operations, financial performance and financial position.

Our insurance coverage may not be adequate

We maintain workmen's or work injury compensation insurance, public liability insurance, contractors' all risks insurance, machine and equipment all risks insurance and fire insurance. We also maintain insurance policies which cover personal accident, hospitalisation and surgery for our employees. However, in the event that the amount of claims exceeds the coverage of the insurance policies which we have taken up, we may be liable for shortfalls of the amount claimed. We are not insured against loss of key personnel and business interruption. If such events were to occur, our business, financial performance and financial position may be materially and adversely affected. Please refer to the "Insurance" section of this Offer Document for further details.

We are subject to a number of operating risks

Our operations are exposed to the risk of equipment failure, failure by our employees to follow procedures and protocols, as well as risks inherent in operating equipment and machinery, resulting in damage to or loss of any relevant machines, equipment or facilities required in a project or personal injury. A major operational failure could result in loss of life and/or serious injury, damage to or loss of the machines, equipment or facilities and protracted legal disputes and damage to our reputation. In the event of an operational or equipment failure, we may be forced to cease part of our operations and we may be subject to a penalty or incur extra costs or expenses in any dispute as a result of such operational or equipment failure. In addition, the industry we operate in is highly regulated by MOM due to the reliance on foreign labour and our work environment is subject to scrutiny by NEA. Where there is a non-compliance of any regulatory requirement of MOM or NEA, we will be subject to penalties as may be imposed by them. Our results of operations and financial condition may be materially and adversely affected depending on the extent of the impact of such operating risks.

Our net profit achieved in HY2013 is not an accurate indicator of the total net profit that we may achieve for FY2013

Based on our unaudited combined financial statements for the six-month financial period ended 31 December 2012, our Group's net profit was approximately $1.3 million. However, this is not an accurate indicator of the possible total net profit that our Group may achieve in FY2013. Our Group's revenue may vary between financial periods due to the nature of our business being conducted on a project basis and our revenue recognition policy which is based on the progress of a project. Our cost of sales is affected by sub-contracting costs, costs of raw materials and labour costs and vary from time to time depending on the volume of work and the requirements of the projects undertaken by our Group. In the event that our cost of sales in the second half of FY2013 is higher than HY2013, this could contribute significantly to overall costs recognised in FY2013, which would consequently affect the net profit that our Group achieves in FY2013. We may also incur other unexpected costs and expenses for our Group's operations in the second half of FY2013 which may increase overall costs. Accordingly, our Group's net profit for HY2013 may not be an accurate indicator of the possible total net profit that our Group may achieve in FY2013. Please refer to the "Management's Discussion and Analysis of Results of Operations and Financial Position" section of this Offer Document for more information.

Our Company may be adversely affected by the uncertain global economic outlook

Uncertainty in the global economic recovery has escalated fears and increased uncertainties in the global markets. It is difficult to predict how long these situations will last and how our markets and businesses may be affected. Accordingly, these situations could potentially present risks to our Company, including increase in interest expenses on our bank borrowings or reduction of the amount of banking facilities currently available to us, thereby materially and adversely affecting our business operations and future financial performance. Given the uncertainties as to the future economic outlook, we cannot give any assurance that we will be able to maintain or continue to grow our revenue and profits, or that we will be able to react promptly to any change in economic conditions. In the event that we fail to react promptly to the changing economic conditions, our performance and profitability could be adversely affected.

Terrorist attacks, armed conflicts and increased hostilities could adversely affect our financial performance

Terrorist attacks, armed conflicts, increased hostilities and other acts of violence or war around the world may adversely affect the regional and global financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to an economic recession and have an adverse effect on our business, results of operations and financial condition. There can be no guarantee that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our businesses, results of operations and financial condition.

RISKS RELATING TO INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be admitted to Catalist, a listing platform primarily designed for fast growing and emerging or smaller companies (to which a higher investment risk tends to be attached as compared to larger or more established companies). Catalist was formed in February 2008 and its future success and liquidity in the market for our Shares cannot be guaranteed. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Pursuant to the Catalist Rules, we are required to, among other things, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three continuous months. There is no guarantee that following the expiration of the three-year period, the Sponsor will continue to act as our sponsor or that we are able to find a replacement sponsor within the three-month period. Should such risks materialise, we may be delisted.

Future sales or issuance of our Shares could materially and adversely affect our Share price

Any future sale of our Shares can have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Placement, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described in the "Moratorium" section of this Offer Document, there are no restrictions imposed on our Substantial Shareholders in relation to disposal of their shareholdings.

Our Controlling Shareholder and its Associates will retain significant control over our Group after the Placement which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Placement, our Controlling Shareholder and its Associates, namely ADD Investment, David Ng, Anthony Koh and Danny Foo, will collectively own approximately 67.6% of our Company's post-Placement share capital. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. ADD Investment, David Ng, Anthony Koh and Danny Foo will also effectively have veto power with respect to any Shareholders' action or approval requiring a majority vote except where they are required by the Catalist Rules or other applicable regulations to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may benefit the Shareholders.

There is no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares

Prior to this Placement, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or if developed, be sustained after the Placement. There is also no assurance that the market price for our Shares will not decline below the Placement Price. The market price of our Shares could be subject to significant fluctuations as investors' sentiments may be affected by external factors such as the outbreak of war, escalation of hostilities or outbreak of infectious diseases (whether in Singapore or elsewhere). Other factors including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations may also result in significant fluctuations in the market price of our Shares.

Our Share price may fluctuate following the Placement

The market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:–

(a) variations in our operating results;

(b) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(c) changes in market valuations and share prices of companies with business similar to that of our Company that may be listed in Singapore;

(d) announcements by us of significant acquisitions, strategic alliances or joint ventures;

(e) fluctuations in stock market prices and volume;

(f) our involvement in material litigation;

(g) additions or departures of key personnel;

(h) success or failure of our management in implementing business and growth strategies; and

(i) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

New investors will incur immediate dilution and may experience further dilution

Our Placement Price of 22.00 cents per Share is substantially higher than our NTA per Share of 13.78 cents (based on the NTA as referred to in the “Dilution” section of this Offer Document and as adjusted for the net proceeds from the issue of New Shares). If we are liquidated immediately following the Placement, each investor subscribing for and/or purchasing the Placement Shares will receive less than the price he paid for the Shares. Please refer to the “Dilution” section in this Offer Document for further details. In addition, we may issue Awards Shares under our ISOTeam PSP. To the extent that such Awards Shares are issued, there may be further dilution to investors participating in our Placement as well as impact to the financial performance of our Group. Please refer to the “ISOTeam Performance Share Plan” section and “Appendix G” of this Offer Document for more information.

Negative publicity may materially and adversely affect the price of our Shares

Negative publicity involving our Group, any of the Directors or Substantial Shareholders of our Company may materially and adversely affect the market perception or the share performance of our Company, whether or not it is justified. Some examples are unsuccessful attempts in joint ventures, take-overs or involvement in insolvency proceedings.

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders will depend on our future financial performance and distributable reserves of our Company, which, in turn, depends on us successfully implementing our strategies and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand for and selling prices of our services and other factors specific to our industry or specific projects, many of which are beyond our control. As such, there is no assurance that our Company will be able to pay dividends to our Shareholders after the completion of the Placement. In the event that any company in our Group enters into any loan agreements in the future, covenants therein may also limit when and how much dividends we can declare and pay.

Foreign Shareholders may not be able to participate in future rights issue or certain other equity issues of our Shares

In the event that we elect to conduct a rights issue or certain other equity issues, we may be subject to regulatory procedures to be followed in making such rights available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. Accordingly, as a result of such regulatory constraints, foreign holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as such.

ISSUE STATISTICS

PLACEMENT PRICE	22.00 cents
NTA	
NTA per Share based on the Unaudited Combined Statement of Financial Position of our Group as at 31 December 2012:–	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Placement share capital of 86,865,831 Shares	12.59 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Placement share capital of 117,595,831 Shares	13.78 cents
Premium of Placement Price over the NTA per Share based on the Unaudited Combined Statement of Financial Position of our Group as at 31 December 2012:–	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Placement share capital of 86,865,831 Shares	74.7%
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Placement share capital of 117,595,831 Shares	59.7%
EPS	
Historical net EPS of our Group for FY2012 based on our Company's pre-Placement share capital of 86,865,831 Shares	3.40 cents
Historical net EPS of our Group for FY2012 based on our Company's pre-Placement share capital of 86,865,831 Shares, assuming that the Service Agreements had been in place from the beginning of FY2012	2.83 cents
PER	
Historical PER based on the historical net EPS of our Group for FY2012	6.5 times
Historical PER based on the historical net EPS of our Group for FY2012, assuming that the Service Agreements had been in place from the beginning of FY2012	7.8 times
Net Cash Flow from Operations(1)	
Historical net cash flow from operations per Share for FY2012 based on our Company's pre-Placement share capital of 86,865,831 Shares	0.72 cents
Historical net cash flow from operations per Share for FY2012 based on our Company's pre-Placement share capital of 86,865,831 Shares, assuming that the Service Agreements had been in place from the beginning of FY2012	0.03 cents

Price to Net Cash Flow from Operations Ratio

Placement Price to historical net cash flow from operations per Share for FY2012	30.6 times
Placement Price to historical net cash flow from operations per Share for FY2012, assuming that the Service Agreements had been in place from the beginning of FY2012	733.3 times

Market Capitalisation

Our market capitalisation based on the Placement Price and our Company's post-Placement share capital of 117,595,831 Shares	$25.9 million

Note:–

(1) Net cash flow from operations is defined as net cash generated from operating activities as referred to in the Audited Combined Financial Statements set out in Appendix A of this Offer Document.

DILUTION

Dilution is the amount by which the Placement Price to be paid by investors for our Placement Shares ("New Investors") exceeds the NTA per Share immediately after the Placement. Our unaudited NTA per Share as at 31 December 2012 before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Placement share capital of 86,865,831 Shares, was 12.59 cents.

Taking into account the 30,730,000 New Shares at the Placement Price in connection with the Placement, our NTA per Share after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Placement share capital of 117,595,831 Shares, would be 13.78 cents. This represents an immediate increase in NTA per Share of 1.19 cents to our existing Shareholders and an immediate dilution in NTA per Share of 8.22 cents to our New Investors.

The following table illustrates such dilution on a per Share basis as at 31 December 2012:–

	Cents
Placement Price	22.00
NTA per Share as at 31 December 2012	12.59
Increase in NTA per Share attributable to existing Shareholders	1.19
NTA per Share after the Placement(1)	13.78
Dilution in NTA per Share to New Investors	8.22

Note:–

(1) The computed NTA per Share after the Placement does not take into account our actual financial performance from 1 January 2013. Depending on our actual financial results, our NTA per Share may be higher or lower than the above computed NTA.

The following table shows the average effective cost per Share paid by our existing Shareholders for Shares acquired by them during the period of three years prior to the date of lodgement of this Offer Document and the price per Share to be paid by our New Investors pursuant to the Placement:–

	Number of Shares Acquired	**Total Consideration ($)**	**Average Effective Cost per Share (cents)**
Existing Shareholders			
David Ng, Anthony Koh, Danny Foo and ADD Investment(1)	82,381,203	8,943,860(6)	10.86
Wong Chun Weng(2)	1,393,542	154,838	11.11
Nippon Paint Singapore(3)	3,089,466	343,274	11.11
Tan Bee Kuan(4)	1,620	180	11.11
Tan Yee Boon(5)	2,940,000	162,500	5.53
New Investors	32,200,000	7,084,000	22.00

Notes:–

(1) ADD Investment is a company incorporated in Singapore. Our Executive Directors, namely David Ng, Anthony Koh and Danny Foo are the directors of ADD Investment and hold the total issued share capital of ADD Investment in equal proportion.

(2) Wong Chun Weng is a founder of Raymond Construction and is not related to any of our Directors or Controlling Shareholders.

(3) Nippon Paint Singapore is a company incorporated in Singapore. Its directors are Wang Chyang, Fujita Tetsuro, Goh Hup Jin, Tan Eng Liang, Goh Chee Whui, Wee Siew Kim, Masaru Sumida and Toshio Nakatani. It shareholders are Nipsea Holdings International Limited and Nippon Paint Co Ltd which hold 60% and 40% of the total issued share capital of Nippon Paint Singapore, respectively. None of the directors or shareholders of Nippon Paint Singapore is related to any of our Directors or Controlling Shareholders.

(4) Tan Bee Kuan is a director of ITG-Green and is not related to any of our Directors or Controlling Shareholders.

(5) Tan Yee Boon is a private investor who has acquired such number of Shares pursuant to a share sale agreement made in October 2011 from each of our Executive Directors, David Ng, Anthony Koh and Danny Foo in equal proportion, representing 2.5% of our Company's post-Placement share capital. The aggregate purchase consideration for the Shares acquired was $162,500, and such purchase consideration was fully paid in cash and based on the then estimated NTA of our Group in FY2011 of approximately $6.5 million. Tan Yee Boon is not related to any of our Directors or Controlling Shareholders.

(6) The total consideration for arriving at the effective cost per Share is the sum of all consideration paid by ADD Group, ADD Investment, David Ng, Anthony Koh and Danny Foo in connection with the Restructuring Exercise. Following the Restructuring Exercise, ADD Group has nominated each of ADD Investment, David Ng, Anthony Koh and Danny Foo to receive all the share entitlement of ADD Group. The consideration was based on the audited NTA of the respective subsidiaries of our Company as at 30 June 2012 pursuant to the Restructuring Exercise.

Save as disclosed above and in the "Restructuring Exercise" and "Share Capital" sections of this Offer Document, none of our Directors, Substantial Shareholders or their Associates has acquired any Shares during the period of three years prior to the date of lodgement of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 30 April 2013:–

(a) based on the unaudited combined management accounts of our Group as at 30 April 2013; and

(b) as adjusted for the net proceeds from the issue of the New Shares.

You should read this in conjunction with the Audited Combined Financial Statements, Unaudited Interim Combined Financial Statements and Unaudited Proforma Combined Financial Information set out in Appendices A, B and C of this Offer Document, respectively, and the "Management's Discussion and Analysis of Results of Operations and Financial Position" section of this Offer Document.

($'000)	**As at 30 April 2013**	**As Adjusted for the Net Proceeds from the Issue of the New Shares**
Cash and cash equivalents	9,076	14,346
Indebtedness		
Current		
– secured and guaranteed	2,590	2,590
– secured and non-guaranteed	251	251
– unsecured and guaranteed	–	–
– unsecured and non-guaranteed	–	–
	2,841	2,841
Non-current		
– secured and guaranteed	43	43
– secured and non-guaranteed	455	455
– unsecured and guaranteed	–	–
– unsecured and non-guaranteed	–	–
	498	498
Total indebtedness	3,339	3,339
Total shareholders' equity	15,367	20,637
Total capitalisation and indebtedness	18,706	23,976

There were no material changes in our total capitalisation and indebtedness from 30 April 2013 to the Latest Practicable Date, save for the scheduled monthly repayments on our bank borrowings and changes in our retained earnings arising from the day-to-day operations in the ordinary course of business.

Borrowings

Details of our borrowings and indebtedness as at 31 December 2012 are as follows:–

Financial Institution/ Lender	Type of Facilities	Amount of Facilities Granted ($)	Amount Utilised/ Owing ($)	Amount Unutilised ($)	Securities
DBS Bank Ltd.	Overdraft, term loan, letters of guarantee, letters of credit, trust receipts and other trade financing facilities	6,390,585	1,655,557	4,735,028	(i) First legal mortgage over No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231; (ii) Charge on fixed deposits; and (iii) Joint and several personal guarantees from David Ng, Anthony Koh and Danny Foo
Oversea-Chinese Banking Corporation Limited	Overdraft, letters of credit, trust receipts, performance bond(s), worker's bond and other trade financing facilities	2,500,000	60,000	2,440,000	(i) Charge of cash and security agreement for $ deposit amounting to not less than $1,000,000; (ii) Deed of guarantee and indemnity for all monies from Raymond Construction, David Ng, Anthony Koh and Danny Foo; and (iii) Debenture incorporating a floating charge over book and other debts
Oversea-Chinese Banking Corporation Limited	Business receivables financing	1,000,000	188,180	811,820	(i) Deed of guarantee and indemnity for all monies from Raymond Construction, David Ng, Anthony Koh and Danny Foo; (ii) Factoring agreement; (iii) Charge of cash and security agreement for $ deposit amounting to not less than $1,000,000; and (iv) Debenture incorporating a floating charge over book and other debts

Financial Institution/ Lender	Type of Facilities	Amount of Facilities Granted ($)	Amount Utilised/ Owing ($)	Amount Unutilised ($)	Securities
Oversea-Chinese Banking Corporation Limited	Overdraft	300,000	–	300,000	(i) Charge on fixed deposit of $150,000; and (ii) Deed of guarantee and indemnity for all monies from David Ng, Anthony Koh, Danny Foo and ADD Group
Standard Chartered Bank	10-year term loan, overdraft, letters of credit, trust receipts and other trade financing facilities	2,318,907	1,218,907	1,100,000	(i) All monies guarantees from David Ng, Anthony Koh, Danny Foo and ADD Group
Standard Chartered Bank	Receivables purchase	500,000	115,680	384,320	(i) All monies guarantees from David Ng, Anthony Koh, Danny Foo and ADD Group; and (ii) Floating charge over all book debts and bills receivables
United Overseas Bank Limited	Factoring	2,500,000	417	2,499,583	Joint and several guarantees for $2,500,000 from David Ng, Anthony Koh and Danny Foo
United Overseas Bank Limited	Line of credit and performance guarantee	2,190,000	–	2,190,000	(i) Letter of charge and set-off in respect of structured deposits of not less than $400,000 pledged in favour of the bank; (ii) Joint and several guarantee for $2,160,000 from David Ng, Anthony Koh and Danny Foo; and (iii) Letter of charge and set-off in respect of fixed deposits of not less than $30,000 placed with the bank to secure the performance guarantee
Total		17,699,492	3,238,741	14,460,751	

In addition, as at 31 December 2012, our Group has outstanding finance leases amounting to approximately $1,018,000 in aggregate, which are payable over the next 65 months.

The effective interest rates charged by the relevant financial institutions for the above banking facilities ranged from 1.7% to 3.2% per annum or such other rates as the respective financial institutions may from time to time determine. The effective interest rates charged by the relevant lenders for the above finance lease liabilities ranged from 3.7% to 8.4% per annum.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we were not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments by our Shareholders.

Save as aforesaid and as disclosed in the "Liquidity and Capital Resources" section of this Offer Document, our Group does not have any material unused sources of liquidity.

Please refer to the "Interested Person Transactions" section of this Offer Document for further details of the guarantees provided by our Executive Directors and their Associates.

DIVIDEND POLICY

Our Company had declared and paid a one-tier tax-exempt interim dividend amounting to $1.0 million in respect of FY2013. Save as aforementioned, no dividends have been declared or paid by our Company or our subsidiaries during the periods under review.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, results of operations, cash flow, capital needs, the terms of the borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate (the "Dividend Factors").

Subject to our Articles of Association and in accordance with the Companies Act, our Company may declare a final dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Articles of Association and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company must pay all dividends out of our profits. For information relating to taxes payable on dividends, please refer to the "Taxation" section set out in Appendix F of this Offer Document.

All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The form, frequency and amount of future dividends will depend on the Dividend Factors.

The following selected financial information should be read in conjunction with the full text of this Offer Document, including the Audited Combined Financial Statements, Unaudited Interim Combined Financial Statements and Unaudited Proforma Combined Financial Information set out in Appendices A, B and C of this Offer Document, respectively.

Combined Statements of Comprehensive Income(1)

	←	Audited	→	Unaudited	
($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2012**	**HY2013**
Revenue	26,658	24,527	35,430	16,052	22,088
Cost of sales	20,555	20,983	29,012	12,452	18,182
Gross profit	6,103	3,544	6,418	3,600	3,906
Other income	443	477	1,163	167	247
Marketing and distribution expenses	406	506	475	233	331
General and administrative expenses	3,386	3,061	3,484	1,861	2,049
Finance costs	171	216	246	101	160
Profit before tax	2,583	238	3,376	1,572	1,613
Tax expense	453	90	422	205	296
Profit and total comprehensive income for the year/period attributable to equity holders of the Company	2,130	148	2,954	1,367	1,317
EPS (cents)(2)	2.45	0.17	3.40	1.57	1.52(4)
EPS (fully diluted) (cents)(3)	1.81	0.13	2.51	1.16	1.12(4)

Notes:–

(1) Our Combined Statements of Comprehensive Income for the periods under review have been prepared on the basis that our Group had been in existence throughout the periods under review.

(2) For comparative purposes, EPS for the periods under review have been computed based on the PAT and our pre-Placement share capital of 86,865,831 Shares.

(3) For comparative purposes, EPS for the periods under review have been computed based on the PAT and our post-Placement share capital of 117,595,831 Shares.

(4) Had the Service Agreements been in place with effect from 1 July 2011, the PAT for FY2012 would have been approximately $2,457,000, and the EPS and EPS (fully diluted) would be 2.83 cents and 2.09 cents, respectively.

Combined Statements of Financial Position[1]

($'000)	Audited As at 30 June 2012	Unaudited As at 31 December 2012
Non-current assets		
Property, plant and equipment	6,284	4,324
Investment securities	–	400
Total non-current assets	6,284	4,724
Current assets		
Due from customers for contract work-in-progress	3,069	2,593
Trade and other receivables	12,284	12,635
Amount due from directors	60	–
Cash and bank balances	5,474	4,229
	20,887	19,457
Asset held-for-sale	–	1,953
Total current assets	20,887	21,410
Total assets	**27,171**	**26,134**
Non-current liabilities		
Finance lease liabilities	671	539
Deferred tax liabilities	59	59
Total non-current liabilities	730	598
Current liabilities		
Due to customers for contract work-in-progress	1,259	740
Bank borrowings	3,765	3,102
Trade and other payables	6,982	9,024
Finance lease liabilities	479	479
Amounts due to directors	634	–
Tax payable	1,203	1,255
Total current liabilities	14,322	14,600
Total liabilities	**15,052**	**15,198**
Net assets	**12,119**	**10,936**
Share capital and reserves		
Share capital	4,813	9,651
Accumulated profits	7,306	8,623
Merger reserve	–	(7,338)
Equity attributable to equity holders of the Company	**12,119**	**10,936**
NTA per Share (cents)[2]	13.95	12.59

Notes:–

(1) Our Combined Statements of Financial Position as at 30 June 2012 and 31 December 2012 have been prepared on the basis that our Group had been in existence on these dates.

(2) The NTA per Share as at 30 June 2012 and 31 December 2012 have been computed based on our pre-Placement share capital of 86,865,831 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the Audited Combined Financial Statements, Unaudited Interim Combined Financial Statements and Unaudited Proforma Combined Financial Information set out in Appendices A, B and C of this Offer Document, respectively. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the "Risk Factors" section of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Vendor, the Sponsor, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Offer Document.

OVERVIEW

We are a building maintenance and estate upgrading company experienced in implementing eco-driven solutions through the provision of R&R and A&A services for the public and private sector projects. We have about 15 years of experience in upgrading, retrofitting and maintenance of buildings and facilities in Singapore.

We are both R&R and A&A service providers, and are principally engaged in the provision of work and services for the repairs and redecoration, alteration and change of use, retrofitting, upgrading, reroofing and waterproofing of existing buildings for both public and private sectors in Singapore.

We provide eco-driven solutions in our R&R and A&A projects to enable older buildings to become eco-friendly buildings in response to our customers' requirements and in tandem with the Singapore governmental policy to promote "green policy" for buildings in Singapore. We have in place a green procurement policy to identify and differentiate products and building methods which are environmentally friendly, energy and water efficient and serves to minimise resource wastage, encourage reuse and recycling, conserve energy and other resources.

Our customers from the public sector include town councils, government bodies and statutory boards such as HDB and those from the private sector include property owners and developers, and main contractors. Please refer to the "Major Customers" section of this Offer Document for further details.

Our R&R works are mainly conducted through ISO-Team Corporation and TMS Alliances. Our A&A services are mainly undertaken by Raymond Construction. Please refer to the "Business Overview" section of this Offer Document for further details.

Revenue

Our Group's operations are located in Singapore. Our Group is organised into two business segments, which is the R&R segment and the A&A segment. Details of our Group's business segments are as follows:–

(a) R&R segment – focuses mainly on non-structural construction, improvements and routine maintenance works and typically include:

(i) Repainting and redecoration works;

(ii) Repairs of finishes, surface drainage, fixtures and fittings;

(iii) Replacement of finishes, lightings, fixtures and fittings;

(iv) Changing of signage;

(v) Amenities and facilities renewal works;

(vi) Retiling works;

(vii) Bin chute and refuse collection centre retrofitting works;

(viii) Reroofing and waterproofing works; and

(ix) Façade cleaning and retrofitting works.

(b) A&A segment – focuses mainly on structural works and infrastructure works and typically include:

(i) Structural and non-structural steel works such as linkways and amphitheatres;

(ii) Structural and non-structural concrete works such as linkways and substations;

(iii) Sanitary and plumbing works;

(iv) Mechanical and electrical works;

(v) Installation of new fixtures and fittings;

(vi) Installation of new equipment and signage for amenities and game courts;

(vii) Architectural finishes such as glass and glazing works;

(viii) Roadwork and drainage works; and

(ix) Landscaping and irrigation system works.

The breakdown of our revenue during FY2010, FY2011, FY2012, HY2012 and HY2013 is set out below:–

	Audited						Unaudited			
	FY2010		FY2011		FY2012		HY2012		HY2013	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
R&R	16,793	63.0	13,898	56.7	16,594	46.8	6,788	42.3	11,555	52.3
A&A	9,865	37.0	10,629	43.3	18,836	53.2	9,264	57.7	10,533	47.7
	26,658	100.0	24,527	100.0	35,430	100.0	16,052	100.0	22,088	100.0

Our revenue is mainly dependent on the following factors:

(i) demand for R&R and A&A works in Singapore. In the case of the public sector, it is usually awarded by open tender from government and government-related bodies of Singapore and, in the case of the private sector, by invitation or request for quotation;

(ii) the size and type of A&A projects secured. As our A&A works are undertaken on a project basis and such projects are non-recurring, it is critical that new projects of similar value and scope are secured on a continuous basis;

(iii) changes in government legislation, regulations or policies, budgets and expenditures which may directly or indirectly affect the entire construction industry in Singapore;

(iv) our ability to compete successfully with other main contractors in the market. We currently only operate in Singapore;

(v) our existing capacity and availability of resources. As our resources are limited, we are careful when selecting and tendering for projects because if our management and labour resources are fully utilised and deployed, we will not be able to participate in tenders for projects which may generate higher profit margins;

(vi) duration of projects. As our revenue recognition is based on the percentage of completion method, the stage of completion of our projects will have an impact on our reported revenue and the usual timeline for projects to complete ranges from six months to 24 months; and

(vii) our ability to complete projects on schedule and within customers' specifications. We are contractually obligated to complete our projects within the stipulated time frame and in accordance to specifications. As such, we are susceptible to the imposition of penalties or liquidated damages if there is any deviation from the said time frame or specifications.

Please refer to the "Risk Factors" section of this Offer Document for other factors which may affect our revenue.

Cost of Sales

Our cost of sales refers to direct costs incurred in the process of carrying out project activities. It includes sub-contracting costs, direct material costs, labour cost and overhead costs. When it is probable that total contract costs will exceed total contract value, the expected loss is recognised as an expense immediately.

Our projects typically do not allow for any adjustments to the contract value to cater for any price escalation in our sub-contracting costs, direct material costs, labour costs and other overhead costs. Any increase in those costs will be borne by us and will have an impact on our eventual profit margins. Additional costs due to additional works from variation orders have to be borne by us until customers make payment in respect of such variation orders.

The breakdown of our cost of sales for FY2010, FY2011, FY2012, HY2012 and HY2013 is set out below:

	Audited						Unaudited			
	FY2010		FY2011		FY2012		HY2012		HY2013	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Sub-contracting costs	12,834	62.4	11,849	56.5	17,662	60.9	7,457	59.9	11,898	65.4
Direct material costs	3,840	18.7	4,164	19.8	5,286	18.2	2,209	17.7	2,960	16.3
Labour costs	3,032	14.8	3,782	18.0	4,513	15.6	2,068	16.6	2,304	12.7
Overhead costs(1)	849	4.1	1,188	5.7	1,551	5.3	718	5.8	1,020	5.6
	20,555	100.0	20,983	100.0	29,012	100.0	12,452	100.0	18,182	100.0

Note:

(1) Overhead costs mainly comprise of testing fees, utilities charges, rental of workers accommodation, warehouse rental, insurance, depreciation, upkeep of gondolas and machinery and site expenses.

Our cost of sales is mainly dependent on the following factors:

(a) sub-contracting costs. As a main contractor, we rely on the services of our sub-contractors to carry out certain portions of work undertaken by us, such as painting works, electrical works, tiling works, concrete work, waterproofing, structural works, roofing, coating, carpentry works, ceiling works, aluminium works, steel works, metal works, facade/wall cladding, plumbing and landscaping. Sub-contracting costs are affected by the market demand and supply of qualified sub-contractors as well as the government policies regulating the supply and availability of foreign workers;

(b) cost of raw materials and overheads for our projects, which vary with the prices of various construction materials, such as paint, tile, cement, steel and ceramic. The costs of testing fee, utilities charges, rental of workers' accommodation and warehouse rental fluctuate over time due to changing market supply and demand conditions;

(c) labour costs. Our labour costs mainly comprise of foreign workers' wages, foreign workers' levies, site staff salaries, bonuses and CPF contributions. Labour costs are generally affected by government policies regulating the supply and availability of foreign workers, the prevailing intensity of construction projects in the market and overall wage inflation in the industry;

(d) government regulations and requirements. Changes in regulations and requirements applicable to the construction industry such as safety regulations, foreign workers levies, MYE quota and workers' lodging, may result in higher compliance costs; and

(e) our ability to manage projects effectively and avoid cost overruns.

Please refer to the "Risk Factors" section of this Offer Document for other factors which may affect our cost of sales.

Other income

Other income mainly comprised of gain on disposal of property, plant and equipment and investment property, government grant, rental income and miscellaneous income as set out in the table below. Other income accounted for approximately 1.7%, 1.9%, 3.3%, 1.0% and 1.1% of our total revenue for FY2010, FY2011, FY2012, HY2012 and HY2013 respectively.

	Audited						Unaudited			
	FY2010		FY2011		FY2012		HY2012		HY2013	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Gain on disposal of property, plant and equipment and investment property	113	25.5	38	8.0	887	76.3	–	–	–	–
Job Credit Scheme[(1)]/ Government grants	84	19.0	13	2.7	32	2.8	12	7.2	7	2.8
Rental income	148	33.4	190	39.8	112	9.6	71	42.5	56	22.7
Miscellaneous income[(2)]	98	22.1	236	49.5	132	11.3	84	50.3	184	74.5
	443	100.0	477	100.0	1,163	100.0	167	100.0	247	100.0

Notes:

(1) Job Credit Scheme was in relation to the Singapore government's Workfare Income Supplement Scheme.

(2) Miscellaneous income comprised of administrative fees, insurance compensation received and waiver of debts.

Marketing and distribution expenses

Our marketing and distribution expenses comprised upkeep of motor vehicles, depreciation of motor vehicles and advertisement charges. Our distribution and marketing expenses amounted to $0.4 million, $0.5 million, $0.5 million, $0.2 million and $0.3 million in FY2010, FY2011, FY2012, HY2012 and HY2013 respectively. This represents approximately 1.5%, 2.1%, 1.3%, 1.5% and 1.5% of our total revenue for FY2010, FY2011, FY2012, HY2012 and HY2013 respectively.

General and administrative expenses

Our general and administrative expenses mainly comprised of staff costs, depreciation of property, plant and equipment and miscellaneous expenses. General and administrative expenses accounted for approximately 12.7%, 12.5%, 9.8%, 11.6% and 9.3% of our total revenue for FY2010, FY2011, FY2012, HY2012 and HY2013 respectively.

The breakdown of our general and administrative expenses during FY2010, FY2011, FY2012, HY2012 and HY2013 is set out below:

	Audited						Unaudited			
	FY2010		FY2011		FY2012		HY2012		HY2013	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Staff costs[1]	2,133	63.0	1,865	60.9	2,158	61.9	1,239	66.5	1,348	65.8
Depreciation of property plant and equipment	174	5.1	210	6.9	208	6.0	122	6.6	93	4.5
Miscellaneous expenses[2]	1,079	31.9	986	32.2	1,118	32.1	500	26.9	608	29.7
	3,386	100.0	3,061	100.0	3,484	100.0	1,861	100.0	2,049	100.0

Notes:

(1) Staff costs are in relation to directors' remuneration, staff salaries and statutory contributions.

(2) Miscellaneous expenses comprise premises expenses, professional fees, transportation expenses, insurance and utilities charges.

Finance costs

Finance costs comprised of interest expense on bank loans, finance leases and bank overdrafts which amounted to $0.2 million, $0.2 million, $0.2 million, $0.1 million and $0.2 million in FY2010, FY2011, FY2012, HY2012 and HY2013 respectively. This represents approximately 0.6%, 0.9%, 0.7%, 0.6% and 0.7% of our total revenue for FY2010, FY2011, FY2012, HY2012 and HY2013 respectively.

Income Tax Expense

The Singapore income tax rates during FY2010, FY2011, FY2012, HY2012 and HY2013 remained 17.0%. Our overall effective income tax rate was 17.5%, 37.8%, 12.5%, 13.0% and 18.4% in FY2010, FY2011, FY2012, HY2012 and HY2013 respectively. For FY2011, the effective income tax rate was higher than the prevailing statutory tax rate mainly due to non-tax deductible expenses. For FY2012 and HY2012, the effective income tax rate was lower than the prevailing statutory tax rate mainly due to tax rebate and tax exemption.

SEASONALITY

We generally do not experience any seasonality in the course of our business.

INFLATION

Over the periods under review, inflation did not have a material impact on our performance.

REVIEW OF PAST PERFORMANCE

FY2010 vs FY2011

Revenue

Our total revenue decreased by $2.2 million or 8.2% from $26.7 million in FY2010 to $24.5 million in FY2011.

The decrease in revenue was mainly attributable to the lower revenue recognised from our R&R segment and slightly mitigated by an increase in A&A segment, where our revenue from R&R segment decreased from $16.8 million in FY2010 to $13.9 million in FY2011 and our revenue from A&A segment increased from $9.9 million in FY2010 to $10.6 million in FY2011.

In FY2011, the percentage of completion for our projects was lower than in FY2010 due to the commencement of new projects where the key milestones for the recognition of revenue for these projects were generally recognised in FY2012. In addition, in FY2010, we completed and substantially recognised revenue from our major R&R projects under the Pasir Ris-Punggol Town Council, which contributed $7.5 million to, or 28.1% of, our revenue in FY2010.

Cost of sales, gross profit and gross profit margin

Our cost of sales increased by $0.4 million or 1.9% from $20.6 million in FY2010 to $21.0 million in FY2011.

The increase in cost of sales in FY2011 was mainly due to the increase in labour costs of $0.8 million as a result of higher foreign workers' levies, a slight increase in direct material costs of $0.3 million, and a slight increase in overhead costs of $0.3 million. The increase in overhead costs was mainly due to higher depreciation of gondola and machinery, where additional gondola and machinery were acquired in FY2011 in preparation for the additional contracts secured. The increase was offset by a decrease in our sub-contracting costs of $1.0 million, or 7.8% from $12.8 million in FY2010 to $11.8 million in FY2011, in line with the lower percentage of revenue recognised in FY2011.

Due to the decrease in revenue coupled with the increase in cost of sales, our gross profit margin decreased from 22.9% in FY2010 to 14.4% in FY2011.

Other income

Our other income increased by $34,000 or 7.7% from $443,000 in FY2010 to $477,000 in FY2011.

Marketing and distribution expenses

Marketing and distribution expenses increased by $0.1 million or 25.0% from $0.4 million in FY2010 to $0.5 million in FY2011. The increase was mainly due to increases in the cost of repair, upkeep and depreciation of motor vehicles due to additional purchases of motor vehicles in FY2011.

General and administrative expenses

General and administrative expenses decreased by $0.3 million or 8.8% from $3.4 million in FY2010 to $3.1 million in FY2011.

The decrease was mainly due to directors' fees of $0.6 million paid in FY2010 and was offset by higher salaries and insurance premiums of $0.2 million.

Finance costs

Finance costs increased by $45,000 or 26.3% from $171,000 in FY2010 to $216,000 in FY2011, due to increases in the amount of interest paid in respect of term loans and additional hire purchases.

Profit before tax

As a result of the above, our profit before tax decreased by $2.4 million or 92.3% from $2.6 million in FY2010 to $0.2 million in FY2011.

FY2011 vs FY2012

Revenue

Our total revenue increased by $10.9 million or 44.5% from $24.5 million in FY2011 to $35.4 million in FY2012.

The increase in revenue was mainly attributable to higher revenue recognised from both our R&R and A&A segments, where our revenue from R&R segment increased from $13.9 million in FY2011 to $16.6 million in FY2012 and our revenue from A&A segment increased from $10.6 million in FY2011 to $18.8 million in FY2012. The increase in revenue was mainly attributable to higher revenue recognised from the substantial progression of ongoing projects which commenced in FY2011 as well as certain new projects obtained in FY2012.

Part of our revenue recognised in FY2012 was from projects such as:

(i) R&R works for SKK projects and Pasir Ris-Punggol Town Council;

(ii) A&A works to markets and food centres for NEA; and

(iii) Neighbourhood Renewal Programme for Sembawang-Nee Soon Town Council, Holland-Bukit Panjang Town Council, Tampines Town Council and Aljunied Town Council.

Cost of sales, gross profit and gross profit margin

Our cost of sales increased by $8.0 million or 38.1% from $21.0 million in FY2011 to $29.0 million in FY2012. The increase in our cost of sales was proportionately lesser than the increase in revenue recognised. The increase was due to an increase in sub-contracting costs which increased by $5.9 million or 50.0%, from $11.8 million in FY2011 to $17.7 million in FY2012, an increase in direct material costs which increased by $1.1 million or 26.9% and an increase in labour costs which increased by $0.7 million or 19.3% as a result of the substantial progression of ongoing projects.

Overhead costs increased by $0.4 million from $1.2 million to $1.6 million or 33.3%. Consequently, our gross profit margin increased from 14.4% in FY2011 to 18.1% in FY2012.

Other income

Our other income increased by $0.7 million or 140.0%, from $0.5 million in FY2011 to $1.2 million in FY2012. This was mainly due to a gain of $0.9 million on the disposal of the investment property located at No. 231 Kaki Bukit Avenue 1 Singapore 416050 and an increase of $19,000 from Job Credit Scheme, offset by rental and miscellaneous income of $0.2 million.

Marketing and distribution expenses

Marketing and distribution expenses decreased by $31,000 or 6.1% from $506,000 in FY2011 to $475,000 in FY2012. The decrease was mainly due to a decrease in the depreciation of motor vehicles as a result of certain motor vehicles being fully depreciated in FY2012.

General and administrative expenses

Our general and administrative expenses increased by $0.4 million or 12.9% from $3.1 million in FY2011 to $3.5 million in FY2012.

The increase was mainly due to staff costs of $0.3 million, and an increase in other administrative expenses by $0.1 million. The increase in other administrative expenses was due to entertainment expenses, cost of insurance premiums and staff training.

Finance costs

The increase in finance costs arose from higher utilisation of factoring facilities, which increased by $30,000 or 13.9% from $216,000 in FY2011 to $246,000 in FY2012.

Profit before tax

As a result of the above, our profit before tax increased by $3.2 million or 1,600.0% from $0.2 million in FY2011 to $3.4 million in FY2012.

HY2012 vs HY2013

Revenue

Our total revenue increased by $6.0 million or 37.3% from $16.1 million in HY2012 to $22.1 million in HY2013. This increase was due mainly to higher percentage of completion of the projects revenue recognised from ongoing and new projects in HY2013 as compared to HY2012. Our revenue from R&R segment increased from $6.8 million in HY2012 to $11.6 million in HY2013, while our revenue from A&A segment increased from $9.3 million in HY2012 to $10.5 million in HY2013.

Cost of sales, gross profit and gross profit margin

Our cost of sales increased by $5.7 million or 45.6% from $12.5 million in HY2012 to $18.2 million in HY2013. The increase in cost of sales in HY2012 was mainly due to an increase in sub-contracting costs of $4.4 million or 59.6%, an increase in direct material costs of $0.8 million or 34.0%, an increase in labour costs by $0.2 million or 11.4% and an increase in overhead costs by $0.3 million or 42.1% as a result of the substantial progress of ongoing projects and the increase in new projects. Consequently, our gross profit margin decreased from 22.4% in HY2012 to 17.7% in HY2013.

Other income

Our other income increased by $80,000 or 47.9%, from $167,000 in HY2012 to $247,000 in HY2013. This was mainly due to an increase in the administrative income which we charged our sub-contractors for procuring certain direct materials for and on behalf of our sub-contractors.

Marketing and distribution expenses

Marketing and distribution expenses increased by $0.1 million or 50.0% from $0.2 million in HY2012 to $0.3 million in HY2013. The increase was mainly due to an increase in the repair and upkeep of motor vehicles as a result of higher usage due to the increase in project activities.

General and administrative expenses

Our general and administrative expenses increased by $0.1 million or 5.3% from $1.9 million in HY2012 to $2.0 million in HY2013. The increase was due to the increases in staff costs and miscellaneous expenses arising from the expansion of our business.

Finance costs

The increase in finance costs was mainly in relation to an increase in interest paid on the debt factoring facilities, which increased by $59,000 or 58.4% from $101,000 in HY2012 to $160,000 in HY2013.

Profit before tax

As a result of the above, our profit before tax increased by $41,000 or about 2.6% from $1,572,000 in HY2012 to $1,613,000 in HY2013.

REVIEW OF FINANCIAL POSITION

Non-current assets

As at 30 June 2012

Our non-current assets amounted to $6.3 million or 23.1% of our total assets and comprised of property, plant and equipment such as leasehold properties, gondolas and machinery, motor vehicles and renovation.

As at 31 December 2012

Our non-current assets decreased by $1.6 million or 25.4% from $6.3 million to $4.7 million as at 31 December 2012 due to a reclassification of a leasehold property with a net carrying value of $2.0 million to asset held-for-sale reclassified as current asset and offset by the purchase of investment securities of $0.4 million.

Current assets

As at 30 June 2012

Our current assets amounted to $20.9 million or 76.9% of our total assets. Our current assets consist of trade and other receivables, cash and bank balances and amounts due from customers for contract work-in-progress. Trade and other receivables constituted $12.3 million or 58.8% of total current assets. Our trade and receivables mainly comprised of trade receivables of $10.5 million and $1.3 million of related party receivables. Our cash and bank balances amounted to $5.5 million, constituting 26.2% of total current assets, of which $1.3 million were bank deposits pledged to financial institutions as collateral.

As at 31 December 2012

Our current assets amounted to $21.4 million or 81.9% of our total assets. Our current assets consist of trade and other receivables, cash and bank balances, amounts due from customers for contract work-in-progress and asset held-for-sale. Trade and other receivables constituted $12.6 million or 59.0% of total current assets. Our trade and other receivables mainly comprised of trade receivables of $12.3 million and other receivables amounting to $0.3 million. Our cash and bank balances amounted to $4.2 million, constituting 19.8% of total current assets, of which $1.7 million were bank deposits pledged to financial institutions as collateral. Asset held-for-sale amounted to $2.0 million comprised of a leasehold property.

Non-current liabilities

As at 30 June 2012

Our non-current liabilities of $0.7 million or 4.8% of total liabilities, consisted mainly of finance lease liabilities.

As at 31 December 2012

Our non-current liabilities of $0.6 million or 3.9% of total liabilities, consisted mainly of finance lease liabilities.

Current liabilities

As at 30 June 2012

Our current liabilities of $14.3 million accounted for 95.2% of our total liabilities. Our current liabilities consisted of trade and other payables, bank borrowings, amounts due to customers for contract work-in-progress, tax payable, amounts due to directors and finance lease liabilities. Trade and other payables constituted $7.0 million or 48.8% of total current liabilities. Our trade and other payables comprise of trade payables to third parties and related parties of $6.4 million and other payables of $0.6 million. Bank borrowings of $3.8 million comprised of term loans of $2.5 million and factoring loans of $1.3 million.

As at 31 December 2012

Our current liabilities of $14.6 million accounted for 96.1% of our total liabilities. Our current liabilities consisted of trade and other payables, bank borrowings, amounts due to customers for contract work-in-progress, tax payable and finance lease liabilities. Trade and other payables constituted $9.0 million or 61.8% of total current liabilities. Our trade and other payables comprised of trade payables to third parties and related parties of $7.1 million and other payables amounting to $1.9 million, which included related party payables of $1.3 million. Bank borrowings amounted to $3.1 million, mainly comprised of term loans of $2.3 million and factoring loans of $0.8 million.

Capital and reserve

As at 30 June 2012

Our shareholders' equity of $12.1 million comprised of issued and fully paid share capital of $4.8 million and accumulated profits of $7.3 million.

As at 31 December 2012

Our shareholders' equity of $10.9 million comprised of issued and fully paid share capital of $9.6 million and accumulated profits of $8.6 million offset by merger reserve of $7.3 million. Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

LIQUIDITY AND CAPITAL RESOURCES

Over the periods under review, our Group financed our growth and operations through a combination of funds generated from our operating activities, borrowings from financial institutions and advances from Directors. The principal usage of cash had been for working capital and capital expenditures.

Based on the Unaudited Combined Statements of Financial Position as at 31 December 2012, our shareholders' equity amounted to $10.9 million and indebtedness amounted to $4.1 million (comprising bank borrowings and finance lease liabilities). Our gearing ratio (defined as the sum of indebtedness divided by Shareholders' equity) was approximately 0.4 times. Our net current assets amounted to $6.8 million and our working capital ratio (defined by current assets divided by current liabilities) was 1.5 times.

As at 31 December 2012, we had an aggregate net debt position of $1.6 million and available credit facilities granted of $17.7 million, of which $3.2 million were utilised and $14.5 million were unutilised. These available credit facilities comprised of term loans of $2.3 million and banking facilities of $15.4 million. For the term loans and banking facilities, $2.3 million and $0.9 million respectively remained outstanding. The terms loans were used in connection with the acquisition of the leasehold properties at No. 41 Kaki Bukit Place Singapore 416219 in 2010 and No. 57 Kaki

Bukit Place, Eunos Techpark, Singapore 416231 in 2008. The effective interest rates for the term loans ranged from 1.7% to 3.2% per annum. The term loans of the leasehold properties at No. 41 Kaki Bukit Place Singapore 416219 and No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231 will expire in February 2022 and March 2020 respectively.

As at the Latest Practicable Date, we had an aggregate net cash surplus position of $2.4 million (before payment of a one-tier tax-exempt interim dividend amounting to $1.0 million in respect of FY2013) and available credit facilities granted of $17.3 million, of which $4.8 million were utilised and $12.5 million were unutilised. These available credit facilities comprised term loans of $1.1 million and banking facilities of $16.2 million. For the term loans and banking facilities, $1.1 million and $3.7 million respectively remained outstanding. The terms loans were used in connection with the acquisition of the aforesaid leasehold properties.

Our Directors are of the reasonable opinion that, after taking into account the cash flows generated from our operations, our banking facilities and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Group's operations, the Group's banking facilities and the Group's existing cash and cash equivalents, the working capital available to the Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of the Company on Catalist.

The following table sets out a summary of our Group's net cash flow for FY2010, FY2011, FY2012, HY2012 and HY2013:

	Audited			Unaudited	
($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2012**	**HY2013**
Net cash generated from/ (used in) operating activities	2,681	(1,699)	622	624	686
Net cash generated from/ (used in) investing activities	127	(161)	1,909	(69)	(544)
Net cash used in financing activities	(1,089)	(1,004)	(743)	(571)	(1,731)
Net increase/(decrease) in cash and cash equivalents	1,719	(2,864)	1,788	(16)	(1,589)
Cash and cash equivalents at beginning of financial year/period	3,485	5,204	2,340	2,340	4,128
Cash and cash equivalents at end of financial year/period[1]	5,204	2,340	4,128	2,324	2,539

Note:–

(1) Cash and cash equivalents comprised cash at bank and fixed deposits and excluded pledged fixed deposits and bank overdrafts.

FY2010

Net cash from operating activities

In FY2010, we generated a net cash of $3.0 million from operating activities before changes in working capital. Our net working capital outflow amounted to $0.3 million. This was due to an increase in project work-in-progress of $2.6 million and a decrease in trade and other payables by $0.3 million, offset by a decrease in trade and other receivables by $2.8 million. In FY2010, we paid income tax and interest of $0.2 million. The net cash from operating activities amounted to $2.7 million.

Net cash from investing activities

Net cash inflow generated from investing activities amounted to $0.1 million, which was mainly attributable to proceeds from the disposal of property, plant and equipment which amounted to $0.7 million offset by the additions to plant and equipment which amounted to $0.6 million, net of finance lease.

Net cash from financing activities

Net cash used in financing activities of $1.1 million, which was mainly due to the repayment of finance lease and bank borrowings amounted to $0.1 million and $1.0 million, respectively and cash outflow due to advances given to related parties of $0.5 million. This was offset by cash inflow from the repayment of directors' loans of $0.5 million.

As at 30 June 2010, our cash and cash equivalents amounted to $5.2 million.

FY2011

Net cash from operating activities

In FY2011, we generated a net cash of $0.8 million from operating activities before changes in working capital. Our net working capital outflow amounted to $2.5 million. This was due to an increase in trade and other receivables of $2.0 million, a decrease in trade and other payables of $0.3 million and income tax and interest paid of $0.2 million. The net cash used in operating activities amounted to $1.7 million.

Net cash from investing activities

Net cash used in investing activities amounted to $0.2 million, which was mainly attributable to the purchase of property, plant and equipment.

Net cash from financing activities

Net cash used in financing activities of $1.0 million, which was mainly due to the repayment of finance lease and bank borrowings amounted to $0.2 million and $0.4 million, respectively, and cash outflow due to advances given to related parties of $0.4 million.

As at 30 June 2011, our cash and cash equivalents amounted to $2.3 million.

FY2012

Net cash from operating activities

In FY2012, we generated a net cash of $3.1 million from operating activities before changes in working capital. Our net working capital outflow amounted to $2.5 million. This was due to an increase in project work-in-progress of $0.6 million and an increase in trade and other receivables by $3.7 million, offset by an increase in trade and other payables by $2.2 million. In FY2012, we paid income tax and interest of $0.4 million. The net cash from operating activities amounted to $0.6 million.

Net cash from investing activities

Net cash inflow from investing activities amounted to $1.9 million, which was mainly attributable to proceeds from the disposal of investment property located at No. 231 Kaki Bukit Avenue 1 Singapore 416050, of $2.0 million, offset by $0.1 million of purchases of property, plant and equipment.

Net cash from financing activities

Net cash used in financing activities of $0.7 million was mainly due to repayments of directors' loans of $0.4 million, repayment of finance leases of $0.3 million, advances to related parties of $0.4 million and the cash outflow for fixed deposits pledged with banks of $0.4 million which was offset by the drawdown of a bank loan of $0.8 million.

As at 30 June 2012, our cash and cash equivalents amounted to $4.1 million.

HY2013

Net cash from operating activities

In HY2013, we generated a net cash of $2.0 million from operating activities before changes in working capital. Our net working capital outflow amounted to $1.3 million. This was mainly due to an increase in trade and other receivables by $1.7 million, offset by an increase in trade and other payables by $0.8 million. In HY2013, we paid $0.2 million of income tax and $0.2 million in interest and received $1,000 in interest. The net cash from operating activities amounted to $0.7 million.

Net cash from investing activities

Net cash used in investing activities amounted to $0.5 million, which was mainly attributable to additions to plant and equipment of $0.1 million and purchase of investment securities of $0.4 million.

Net cash from financing activities

Net cash used in financing activities of approximately $1.7 million was mainly due to the repayment of bank loans, directors' loans and finance lease of $1.5 million, and additional fixed deposit pledged to bank of $0.3 million being offset by advances from related parties of $0.1 million.

As at 31 December 2012, our cash and cash equivalents amounted to $2.5 million.

CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures and Divestments

Capital expenditures and divestments made by us during the periods under review and for the period from 1 January 2013 to the Latest Practicable Date are as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Expenditures					
Leasehold properties	2,081	–	–	–	–
Office equipment and fittings	1	15	10	13	39
Motor vehicles	62	475	126	52	153
Gondola and machinery	75	321	565	73	–
Site equipment and fittings	2	30	85	3	15
Computers	9	6	13	58	14
Renovations	20	–	–	44	28
Total expenditures	2,250	847	799	243	249

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Divestments					
Leasehold properties	560	–	1,170	–	1,953
Office equipment and fittings	–	–	–	–	–
Motor vehicles	–	11	–	–	–
Gondola and machinery	–	–	12	49	–
Site equipment and fittings	–	–	–	–	–
Computers	–	–	–	2	–
Total divestments	560	11	1,182	51	1,953

The above capital expenditures were financed by facilities from financial institutions and internally generated funds.

In FY2010, our Group acquired the leasehold property located at No. 41 Kaki Bukit Place Singapore 416219 which amounted to $2.1 million. Our Group disposed of its leasehold property located at 50 Bayshore Road #20-01 Singapore 469977, which had a carrying value of $0.6 million, for a sale consideration of $0.7 million.

In FY2012, our Group disposed of its investment property located at No. 231 Kaki Bukit Avenue 1 Singapore 416050, which had a carrying value of $1.2 million, for a sale consideration of approximately $2.1 million.

In FY2013, our Group disposed of its leasehold property located at No. 41 Kaki Bukit Place Singapore 416219 which had a carrying value of $2.0 million, for a sale consideration of $6.2 million.

Capital Commitments

As at the Latest Practicable Date, our Group does not have any material capital commitments.

Operating Lease Commitments

Our Group leases dormitories for workers and office, motor vehicles, gondola and machinery and office equipment under non-cancellable lease agreements. These leases have varying terms, escalation clauses and renewal rights.

As at the Latest Practicable Date, we have non-cancellable operating lease commitments as follows:–

	($'000)
Due within one financial year	434
Due between two and five financial years	517
	951

Our operating lease commitments comprise rent payable by us for the leased properties as disclosed in the "Properties and Fixed Assets" section of this Offer Document.

We intend to finance the above operating lease commitments by internally generated funds.

Contingent Liabilities

The Group has provided bankers' guarantees of $76,000 on the performance for some contracts.

FOREIGN EXCHANGE MANAGEMENT

Our Group's operations are based in Singapore and there are no transactions denominated in foreign currencies. As such, we do not have a formal foreign currency hedging policy with respect to any possible foreign exchange exposure. We will continue to monitor any foreign exchange exposure in the future and will consider formalising a hedging policy to manage the foreign exchange exposure should the need arise.

If there is a need to enter into any hedging transaction in the future, we will obtain the approval of our Board on the policy for entering into such hedging transaction before proceeding. In addition, we will put in place adequate procedures which would be reviewed and approved by our Audit Committee.

SIGNIFICANT ACCOUNTING POLICY CHANGES

There has been no significant change in the accounting policies for our Group during the periods under review. Please refer to the "Summary of Significant Accounting Policies" section of the Audited Combined Financial Statements and Unaudited Interim Combined Financial Statements set out in Appendices A and B of this Offer Document, respectively, for details on our Group accounting policies.

SHARE CAPITAL

Our Company was incorporated in Singapore on 12 December 2012 under the Companies Act as a private company limited by shares under the name of "ISOTeam Pte. Ltd.". On 12 June 2013, our Company was converted into a public company limited by shares and our name was changed to "ISOTeam Ltd.".

As at the date of incorporation, the issued and paid-up share capital of our Company was $3.00 comprising three Shares held by David Ng, Anthony Koh and Danny Foo, respectively.

Pursuant to the written resolutions passed on 5 June 2013, our then Shareholders approved, *inter alia*, the following:–

(a) the allotment and issue of 9,651,756 Shares in the share capital of our Company pursuant to the Restructuring Exercise;

(b) the sub-division of 9,651,759 Shares in the share capital of our Company into 86,865,831 Shares;

(c) the conversion of our Company into a public company limited by shares and the consequential change of our name to "ISOTeam Ltd.";

(d) the adoption of a new set of Articles of Association;

(e) the issue of the New Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;

(f) the approval of the listing and quotation of all the issued Shares (including the Vendor Shares, the New Shares to be allotted and issued pursuant to the Placement and the Award Shares) on Catalist;

(g) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to: (a)(i) issue (in addition to the New Shares) Shares whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (b) (notwithstanding this authorisation conferred may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force, provided that:–

  (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of Shares that may be issued shall be based on the post-Placement issued share capital of our Company (excluding treasury shares), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or subdivision of Shares; and

(3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; and

(h) the adoption of the ISOTeam PSP, the rules of which are set out in Appendix G of this Offer Document and that our Directors be authorised to allot and issue Award Shares upon the release of Awards granted under the ISOTeam PSP.

As at the date of this Offer Document, our Company has only one class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Articles of Association. There is no founder, management or deferred shares. No person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is $9,651,759 comprising 86,865,831 Shares. Upon the allotment and issue of the New Shares, the resultant issued and paid-up share capital of our Company will be $16,412,359 comprising 117,595,831 Shares.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and immediately after the Placement are as follows:–

	Number of Shares	Resultant Issued and Paid-up Share Capital ($)
Issued and paid-up Shares as at our incorporation	3	3
Issue of Shares pursuant to the Restructuring Exercise	9,651,756	9,651,759
Sub-Division	86,865,831	9,651,759
Pre-Placement issued and paid-up share capital	86,865,831	9,651,759
Issue of New Shares pursuant to the Placement	30,730,000	6,760,600(1)
Post-Placement issued and paid-up share capital	117,595,831	16,412,359(2)

Notes:–

(1) Based on the gross proceeds from the issue of the New Shares pursuant to the Placement.

(2) Before taking into account the capitalisation of approximately $519,000 being a portion of the expenses incurred in relation to the Placement.

The Shareholders' equity of our Company as at the date of incorporation (being 12 December 2012), as adjusted for the Restructuring Exercise and after the Placement is set out below:–

	As at the Date of Incorporation ($)	After Adjusting for the Restructuring Exercise ($)	After the Placement ($)
Shareholders' equity			
Share capital	3	9,651,759	16,412,359
Accumulated profits	–	8,623,000	8,623,000
Merger reserve	–	(7,338,000)	(7,338,000)
Total Shareholders' equity	3	10,936,759	17,697,359

RESTRUCTURING EXERCISE

We undertook the following Restructuring Exercise to streamline and rationalise our Group structure in connection with the Placement. The consideration was determined with reference to the audited NTA of each of the subsidiaries as at 30 June 2012, and adjusted to take into account the market valuation of the property located at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231 and the sale proceeds for the sale of the property located at No. 41 Kaki Bukit Place Singapore 416219:–

(a) Incorporation of our Company

Our Company was incorporated in Singapore on 12 December 2012 under the Companies Act as a private company limited by shares with an issued and paid-up share capital of $3.00 comprising three Shares held by David Ng, Anthony Koh and Danny Foo in equal proportion. On 12 June 2013, our Company changed its name to "ISOTeam Ltd." in connection with its conversion into a public company limited by shares.

(b) Acquisition of Raymond Construction

Pursuant to a share exchange agreement dated 28 May 2013, our Company acquired the entire issued share capital of Raymond Construction for a consideration of $4,749,828, after taking into account the divestment of Raymond Construction's interest in TMS Alliances at its cost of investment of $1,207,500 arising from the Restructuring Exercise as referred to in paragraph (d) below. The consideration was satisfied by the allotment and issue of 4,749,828 new ordinary shares in the share capital of our Company at the issue price of $1.00 per share to the then shareholders of Raymond Construction as follows:–

Vendor	Number of Shares	Percentage of Share Capital Before Placement (%)	Consideration ($)
ADD Group[(1)]	4,594,990	47.6	4,594,990
Wong Chun Weng	154,838	1.6	154,838

Note:–

(1) ADD Group is an investment holding company incorporated in Singapore. Our Executive Directors, namely David Ng, Anthony Koh and Danny Foo hold the shares in the share capital of ADD Group in equal proportion. ADD Group was originally set up to be the holding company of our Group. However, in view that ADD Group is also the holding company of certain companies which will not form part of our Group, our Company was subsequently incorporated to become the holding company of our Group.

(c) Acquisition of ISO-Team Corporation

Pursuant to a share exchange agreement dated 28 May 2013, our Company acquired the entire issued share capital of ISO-Team Corporation for a consideration of $5,605,791. The consideration was partially satisfied by the allotment and issue of 3,105,791 new ordinary shares in the share capital of our Company at the issue price of $1.00 per share to the then shareholders of ISO-Team Corporation as follows:–

Vendor	Number of Shares	Percentage of Share Capital Before Placement (%)	Consideration ($)
ADD Group	2,613,527	27.1	2,613,527
David Ng	164,088	1.7	164,088
Anthony Koh	164,088	1.7	164,088
Danny Foo	164,088	1.7	164,088

Of the remaining consideration of $2,500,000, $1,400,000 will be used to offset against the amounts owing by ADD Group to Raymond Construction, ISO-Team Corporation and TMS Alliances. Please refer to the "Interested Person Transactions" section of this Offer Document for more information on the amounts owing by ADD Group. The balance $1,100,000 is to be satisfied by cash payment and will be paid to the then shareholders of ISO-Team Corporation within six months from the date of admission of our Company to Catalist. The Company will fund the cash payment through loans to be made by its subsidiaries.

(d) Acquisition of TMS Alliances

Pursuant to a share exchange agreement dated 28 May 2013, our Company acquired the entire issued share capital of TMS Alliances for a consideration of $1,760,381. The consideration was satisfied by the allotment and issue of 1,760,381 new ordinary shares in the share capital of our Company at the issue price of $1.00 per share to the then shareholders of TMS Alliances as follows:–

Vendor	Number of Shares	Percentage of Share Capital Before Placement (%)	Consideration ($)
Raymond Construction	1,417,107	14.7	1,417,107
Nippon Paint Singapore	343,274	3.6	343,274

Raymond Construction further nominated ADD Investment to receive the 1,417,107 ordinary shares in the share capital of our Company at a consideration of $1,207,500 which was not on an arm's length basis as it was determined based on the cost of investment of Raymond Construction in TMS Alliances.

(e) Acquisition of ITG-Green

Pursuant to a share exchange agreement dated 28 May 2013, our Company acquired the entire issued share capital of ITG-Green for a consideration of $1,790. The consideration was satisfied by the allotment and issue of 1,790 new ordinary shares in the share capital of our Company at the issue price of $1.00 per share to the then shareholders of ITG-Green as follows:–

Vendor	Number of Shares	Percentage of Share Capital Before Placement (%)	Consideration ($)
Anthony Koh	805	n.m.	805
Danny Foo	805	n.m.	805
Tan Bee Kuan	180	n.m.	180

(f) Acquisition of ISO-Seal Waterproofing

Pursuant to a share exchange agreement dated 28 May 2013, our Company acquired the entire issued share capital of ISO-Seal Waterproofing for a consideration of $33,966. The consideration was satisfied by the allotment and issue of 33,966 new ordinary shares in the share capital of our Company at the issue price of $1.00 per share to the then shareholder of ISO-Seal Waterproofing as follows:–

Vendor	Number of Shares	Percentage of Share Capital Before Placement (%)	Consideration ($)
ADD Group	33,966	0.4	33,966

Following the completion of the Restructuring Exercise and immediately before the Sub-Division and the Placement, ADD Group nominated ADD Investment, David Ng, Anthony Koh and Danny Foo to receive 5,246,960, 665,711, 664,906 and 664,906 Shares respectively.

The shareholders of our Company upon the completion of the aforementioned nomination (after taking into account the three subscriber shares held by David Ng, Anthony Koh and Danny Foo), and immediately before the Sub-Division and the Placement, were as follows:

Name	Number of Shares	Percentage of Share Capital Before Placement (%)
David Ng	829,800	8.6
Anthony Koh	829,800	8.6
Danny Foo	829,800	8.6
ADD Investment	6,664,067	69.0
Wong Chun Weng	154,838	1.6
Nippon Paint Singapore	343,274	3.6
Tan Bee Kuan	180	n.m.
Total	9,651,759	100.0

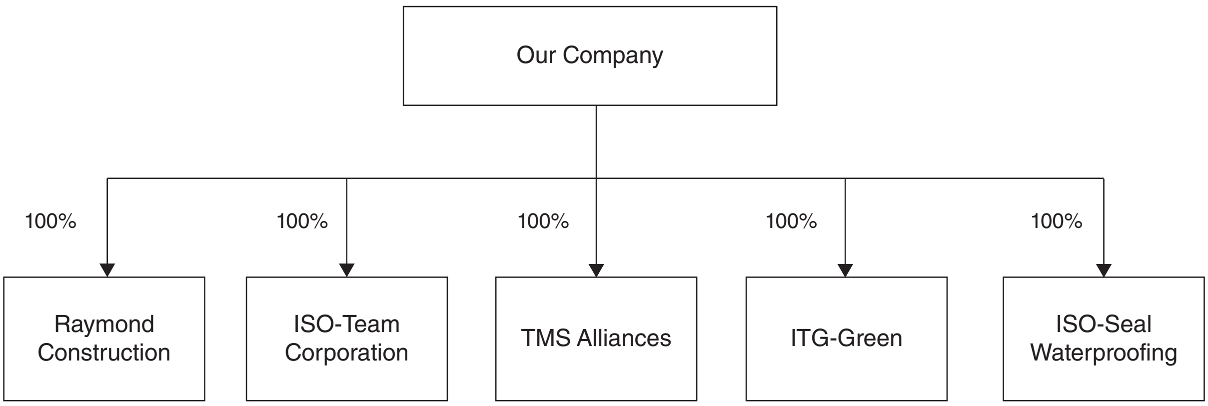
(g) Sub-Division of Shares

On 5 June 2013, our Shareholders approved the Sub-Division.

Note:– "n.m." denotes not meaningful.

GROUP STRUCTURE

Our Group structure as at the date of this Offer Document is as follows:–



OUR SUBSIDIARIES

The details of our subsidiaries as at the date of this Offer Document are as follows:–

Name	Date and Place of Incorporation	Principal Place of Business and Principal Activity	Issued and Paid-up Share Capital	Equity Interest Held by Our Group
Raymond Construction	9 April 1988 Singapore	Singapore Provision of A&A services	$3,500,000	100%
ISO-Team Corporation	16 November 1996 Singapore	Singapore Provision of R&R services	$3,500,000	100%
TMS Alliances	12 August 2004 Singapore	Singapore Provision of R&R services	$1,500,000	100%
ITG-Green	10 October 2010 Singapore	Singapore Provision of eco-friendly solutions and products related to R&R and A&A works	$10,000	100%
ISO-Seal Waterproofing	12 September 2011 Singapore	Singapore Provision of reroofing and waterproofing services	$50,000	100%

None of our subsidiaries are listed on any stock exchange. We do not have any associated companies.

SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately before and after the Placement are set out below:–

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
David Ng[(1)]	6,488,000	7.5	59,977,203	69.0	6,488,000	5.5	59,977,203	51.0
Anthony Koh[(1)]	6,488,000	7.5	59,977,203	69.0	6,488,000	5.5	59,977,203	51.0
Danny Foo[(1)]	6,488,000	7.5	59,977,203	69.0	6,488,000	5.5	59,977,203	51.0
Tan Eng Ann	–	–	–	–	–	–	–	–
Soh Chun Bin	–	–	–	–	–	–	–	–
Ng Kheng Choo	–	–	–	–	–	–	–	–
Substantial Shareholder								
ADD Investment[(1)]	59,977,203	69.0	–	–	59,977,203	51.0	–	–
Other Shareholders holding less than 5%								
Wong Chun Weng[(2)]	1,393,542	1.6	–	–	1,393,542	1.2	–	–
Nippon Paint Singapore[(3)]	3,089,466	3.6	–	–	3,089,466	2.6	–	–
Tan Bee Kuan[(4)]	1,620	n.m.[(6)]	–	–	1,620	n.m.[(6)]	–	–
Tan Yee Boon[(5)]	2,940,000	3.4	–	–	1,470,000	1.3	–	–
Public	–	–	–	–	32,200,000	27.4	–	–
Total	86,865,831	100.0			117,595,831	100.0		

Notes:–

(1) ADD Investment is a company incorporated in Singapore. Our Executive Directors, namely David Ng, Anthony Koh and Danny Foo are the directors of ADD Investment and hold the total issued share capital of ADD Investment in equal proportion. As such, David Ng, Anthony Koh and Danny Foo are deemed to be interested in all the Shares held by ADD Investment under Section 7 of the Companies Act.

(2) Wong Chun Weng is a founder of Raymond Construction and is not related to any of our Directors or Controlling Shareholders.

(3) Nippon Paint Singapore is a company incorporated in Singapore. Its directors are Wang Chyang, Fujita Tetsuro, Goh Hup Jin, Tan Eng Liang, Goh Chee Whui, Wee Siew Kim, Masaru Sumida and Toshio Nakatani. It shareholders are Nipsea Holdings International Limited ("NHIL") and Nippon Paint Co Ltd ("NPCL") which hold 60% and 40% of the total issued share capital of Nippon Paint Singapore, respectively. As such, NHIL and NPCL are deemed to be interested in all the Shares held by Nippon Paint Singapore under Section 7 of the Companies Act. None of the directors or shareholders of Nippon Paint Singapore is related to any of our Directors or Controlling Shareholders.

To the best of our knowlege and belief, NHIL is a company incorporated in Hong Kong and is principally engaged in the business of manufacture of paints and allied products. Its shareholders are Wuthelam Holdings Limited and Goh Cheng Liang holding one share. NPCL is a company incorporated in Japan and is mainly engaged in the manufacture and sale of coating materials and fine chemicals products. NPCL is listed on the Tokyo Stock Exchange.

(4) Tan Bee Kuan is a director of ITG-Green and is not related to any of our Directors or Controlling Shareholders.

(5) Tan Yee Boon is a private investor who has acquired such number of Shares pursuant to a share sale agreement made in October 2011 from each of our Executive Directors, David Ng, Anthony Koh and Danny Foo in equal proportion, representing 2.5% of our Company's post-Placement share capital. The aggregate purchase consideration for the Shares acquired was $162,500, and such purchase consideration was fully paid in cash and based on the then estimated NTA of our Group in FY2011 of approximately $6.5 million. Tan Yee Boon is not related to any of our Directors or Controlling Shareholders.

(6) "n.m." denotes not meaningful.

Save as disclosed above, there are no other relationships among our Directors and Substantial Shareholders.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 July 2011 and the Latest Practicable Date.

Significant Changes in the Percentage of Ownership

The significant changes in the percentage of ownership of our Company held by our Directors and Substantial Shareholders since 12 December 2012, being the date of incorporation and up to the date of this Offer Document are as follows:

	As at date of incorporation				As at Latest Practicable Date				As at date of this Offer Document			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors												
David Ng[(1), (2)]	1	33.3	–	–	7,468,000	8.6	59,977,203	69.0	6,488,000	7.5	59,977,203	69.0
Anthony Koh[(1), (2)]	1	33.3	–	–	7,468,000	8.6	59,977,203	69.0	6,488,000	7.5	59,977,203	69.0
Danny Foo[(1), (2)]	1	33.3	–	–	7,468,000	8.6	59,977,203	69.0	6,488,000	7.5	59,977,203	69.0
Tan Eng Ann	–	–	–	–	–	–	–	–	–	–	–	–
Soh Chun Bin	–	–	–	–	–	–	–	–	–	–	–	–
Ng Kheng Choo	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholder												
ADD Investment[(1)]	–	–	–	–	59,977,203	69.0	–	–	59,977,203	69.0	–	–

Notes:–

(1) Please refer to note (1) of the "Shareholders" section of this Offer Document.

(2) On 10 June 2013, David Ng, Anthony Koh and Danny Foo each transferred 980,000 Shares to Tan Yee Boon pursuant to a share sale agreement made in October 2011. Please refer to the "Shareholders" section of this Offer Document for further details.

VENDOR

The name of the Vendor and the number of the Vendor Shares which the Vendor will offer pursuant to the Placement are set out below:

	Shares held immediately before the Placement		Vendor Shares offered pursuant to the Placement			Shares held immediately after the Placement	
	Number of Shares	% of pre-Placement share capital	Number of Shares	% of pre-Placement share capital	% of post-Placement share capital	Number of Shares	% of post-Placement share capital
Tan Yee Boon[(1)]	2,940,000	3.4	1,470,000	1.7	1.3	1,470,000	1.3

Note:

(1) Please refer to note (5) of the "Shareholders" section of this Offer Document. Tan Yee Boon is not related to any of our Directors or Controlling Shareholders.

MORATORIUM

Our Substantial Shareholders, namely ADD Investment, David Ng, Anthony Koh and Danny Foo, who hold an aggregate of 79,441,203 Shares (representing 67.6% of our Company's issued share capital after the Placement), have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company immediately after the Placement (adjusted for any bonus issue or sub-division of Shares) for a period of six months commencing from the date of admission of our Company to Catalist, and for a period of six months thereafter, not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, more than 50% of their respective original shareholdings in our Company.

The shareholders of ADD Investment (namely, David Ng, Anthony Koh and Danny Foo) have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of ADD Investment for a period of 12 months commencing from the date of admission of our Company to Catalist.

HISTORY

The history of our Group can be traced back to 1998 when our subsidiary, ISO-Team Corporation commenced business to undertake contracts from town councils and MCST to carry out mainly repainting works to residential buildings. ISO-Team Corporation was incorporated by our founders, David Ng, Anthony Koh and Danny Foo under the name “AD & D Contracts Pte Ltd” in November 1996. In May 1998, its name was changed to “ISO-Team Corporation Pte Ltd”.

In the 1990s, the repainting business sector was highly competitive and being a new entrant, our founders persevered and continued to strive in this business. Over time, our Group became the exclusive applicator of paint works for SKK, a major Japanese paints manufacturer in Singapore, for R&R projects under the public housing sector. Please refer to the “Sub-contracting” section of this Offer Document for the working arrangements between our Group and SKK.

In November 1998, we acquired a minority interest of 1.2% in Raymond Construction, a company handling A&A projects. To broaden our Group’s foundation as well as to diversify our business through horizontal integration, we acquired a majority stake in Raymond Construction from its founders, and increased our shareholding interest in Raymond Construction to 95.0% in February 2002 with the balance 5.0% being retained by one of the founders. Raymond Construction is principally engaged in the provision of A&A services and focuses on building upgrading, retrofitting to commercial complexes, condominiums and hotels, and interim upgrading projects for town councils, markets and hawker centres. Raymond Construction is a registered contractor with BCA and was awarded a B1 financial grading under the workhead category of CW01 (general building) in March 2011, which enables us to bid for public sector projects of up to $40.0 million in value.

In April 2002, we secured the contract to carry out reroofing works at Laguna Park which is our first reroofing project in the private residential sector. In October of the same year, we were awarded the contract to carry out R&R works to Tanjong Katong Complex, henceforth expanding our clientele for R&R services in the commercial sector. With our established track record and expertise in A&A works, we decided to participate in tenders under the Hawker Upgrading Programme embarked by NEA. We were awarded our first Hawker Upgrading Programme project in October 2002 which involved carrying out upgrading and A&A works to Sembawang Hill Food Centre. In December 2002, our Group secured the contract to carry out façade cleaning works at Health Sciences Authority and expanded our scope of services to include façade maintenance and upkeeping works.

In May 2003, our Group embarked on our first project in linkway construction works which involved the construction of 19 covered linkways in Nee Soon Central Division. In the same month, we were also awarded our first institutional term contract to carry out R&R works to certain schools and complexes for the Ministry of Education.

In August 2004, TMS Alliances was set up as a strategic partnership between Raymond Construction and Nippon Paint Singapore, another major paint manufacturer in Singapore, to combine individual strengths in terms of project management expertise and financial strength, in order to expand our R&R business. TMS Alliances is principally engaged in the provision of R&R services and is presently the exclusive applicator for Nippon Paint Singapore for R&R projects under HDB and town council sectors.

In or around 2006, the town councils started the practice of consolidating redecoration and reroofing works into one tender, instead of having two separate tenders, in order to minimise disturbance to residents as well as for better economies of scale. As a testament to our track record in both redecoration and reroofing works, we were awarded the contract to carry out R&R and reroofing works to 19 blocks of HDB flats in Woodlands Division in April 2006. In October 2006, we secured the contract to carry out design and renovation works to Best Denki at IMM Building and exhibited our ability to work within very tight schedules to complete the fitting out works for the entire retail floor of Best Denki within a month.

In December 2007, our Group was awarded our first contract to retrofit and renovate a commercial building. We carried out renovation works at the five-storey building at No. 98 and 100 Pasir Panjang Road. Such renovation works encompassed interior alterations and fitting out as well as façade facelift for the change of use of the building.

In 2007, HDB introduced the Revitalisation of Shops Scheme, the purpose of which is to give older neighbourhood centres a new lease of life so as to stay relevant and competitive. We were again able to leverage on our track record and expertise to secure our first Revitalisation of Shops Scheme project which involved the upgrading of the Serangoon North Neighbourhood in December 2008.

In March 2009, we were awarded our first project involving the transformation of 980 vacant units in four blocks of HDB flats at Toa Payoh Lorong 5 and Lorong 6 to fully furnished units in ready to move-in condition for rental purposes. We completed the project within a period of approximately 88 days. Our Group achieved another milestone in August 2009 when we were awarded a project to carry out upgrading works to the neighbourhood park at Ang Mo Kio Avenue 4 and Avenue 5. This was part of another new programme implemented by HDB, aimed at renewing and upgrading the neighbourhood's facilities, connectivity and amenities, which our Group was well-positioned to undertake.

Riding on our success over the past decade, our Group has identified new opportunities to enhance growth and development. One of which is to introduce eco-friendly products and solutions to our customers. Such initiatives are in line with the efforts of the Singapore government to propel Singapore's building and construction industry towards environmental sustainability. We embarked on green procurement by working closely with our supply chain to source and introduce eco-friendly products and solutions for our projects. We took the lead by implementing green procedures within our own office building to meet BCA's Green Mark requirements for office interior. To pursue our green aspirations, ITG-Green was incorporated in August 2010 to explore opportunities in commercialising eco-friendly products and solutions through strategic partnership and technological collaboration with niche technology companies or institutions. In 2012, ITG-Green entered into a distributorship agreement with Reicom Pte Ltd to distribute its environment friendly thermal plaster and thermal roof guard in Singapore. ITG-Green has also entered into a memorandum of understanding with Advance Green Tech Sdn Bhd in August 2012 to indicate the intention to appoint ITG-Green as the exclusive applicator in Singapore for its smart coat, a nano-titanium dioxide photocatalytic coating. In addition, our Group has collaborated with Pidilite Innovation Centre Pte Ltd to promote, market and use its green products, such as slip resistant floor coating and waterproofing and heat insulating coating, in the public and private projects in Singapore. Please refer to the "Business Overview – Our Green Solutions" section of this Offer Document for more details on our green initiatives.

Building on our strength and track record in estate upgrading works, we decided to participate in tenders under the Neighbourhood Renewal Programme introduced by HDB. In April 2010, we were awarded our first Neighbourhood Renewal Programme project involving improvements works to precinct and blocks 130 to 151 at Cashew Road, Petir Road and Gangsa Road and were subsequently awarded another Neighbourhood Renewal Programme project in November of the same year for blocks 520 to 533 at Hougang Avenue 6. Our Group is one of the first contractors to participate in the Neighbourhood Renewal Programme and has over the years become one of the major players in this business segment. As at the Latest Practicable Date, we have been awarded more than 10 Neighbourhood Renewal Programme projects since the Neighbourhood Renewal Programme was introduced in 2008.

In September 2011, as an internal reorganisation to streamline the operations of our Group, we incorporated a new subsidiary, ISO-Seal Waterproofing to take over the business activities of providing specialised reroofing and waterproofing works from Raymond Construction.

Through the years, we have grown in terms of strength, handling projects not only of higher values but also of greater diversity and complexity. To this end, we have grown from a mere repainting service provider to a group that offers building maintenance and estate upgrading services. With our established track record, the tenders which we participated in have grown in value over the years and we have managed to secure sizeable projects.

We have received various awards in recognition of the quality and safety standards in respect of the projects that we have undertaken. Our Group is a recipient of ISO 9001:2008 certification for quality management system, ISO 14001:2004 certification for environmental management system and OHSAS 18001:2007 certification for occupational health and safety management system. In addition, we received the "bizSAFE Level 3" award with a validity period of three years starting July 2008 and the "bizSAFE Level Star" award with a validity period of three years starting July 2011. We reached another milestone in our corporate development when our founders received the "2011 Successful Entrepreneur" award in recognition of their outstanding entrepreneurial performances. Under their leadership, our Group has made consistent and continuous efforts to improve our image and performance, and we aspire to be a role model in our business sector. Please refer to the "Awards and Accreditations" section of this Offer Document for more details.

Our Company was incorporated in Singapore on 12 December 2012 under the Companies Act as a private company limited by shares. On 5 June 2013, we completed the Restructuring Exercise whereby Raymond Construction, ISO-Team Corporation, TMS Alliances, ITG-Green and ISO-Seal Waterproofing became our wholly-owned subsidiaries. Further details of the Restructuring Exercise are set out in the "Restructuring Exercise" section of this Offer Document. On 12 June 2013, our Company was converted into a public company limited by shares and our name was changed to ISOTeam Ltd..

AWARDS AND ACCREDITATIONS

Over the years, we have received the following awards and accreditations:–

Awards/Accreditations	Year	Awarded by	Name of Subsidiary
bizSAFE Level 3	2008 to 2011	WSH	ISO-Team Corporation, Raymond Construction and TMS Alliances
bizSAFE Level Star	2011 to 2014	WSH	ISO-Team Corporation, Raymond Construction and TMS Alliances
ISO 9001:2008 Certificate of Registration (Quality Management System) for general building construction	Since 2005	Certification International (S) Pte Ltd	ISO-Team Corporation and Raymond Construction
	Since 2007	Certification International (S) Pte Ltd	TMS Alliances
ISO 14001:2004 Certificate of Registration (Environmental Management System) for general building construction and provision of suspended scaffolding works	Since 2013	Certification International (S) Pte Ltd	ISO-Team Corporation, Raymond Construction and TMS Alliances
OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System) for general building construction	Since 2005	Certification International (S) Pte Ltd	Raymond Construction
OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System) for general building construction and provision of suspended scaffolding works	Since 2007	Certification International (S) Pte Ltd	ISO-Team Corporation and TMS Alliances

BUSINESS OVERVIEW

We are a building maintenance and estate upgrading company experienced in implementing eco-driven solutions through the provision of R&R and A&A services for the public and private sector projects. We have about 15 years of experience in upgrading, retrofitting and maintenance of buildings and facilities in Singapore and have undertaken more than 200 R&R and A&A projects involving more than 1,500 buildings. We have participated in reshaping the landscape of public housing, their amenities and surrounding environment, as well as assisted in rejuvenating numerous HDB and private estate precincts year after year. Please refer to the "Business Overview – Our Projects" section of this Offer Document for more information on the details of the projects undertaken by our Group.

We are both R&R and A&A service providers, and are principally engaged in the provision of work and services for the repairs and redecoration, alteration and change of use, retrofitting, upgrading, reroofing and waterproofing of existing buildings for both public and private sectors in Singapore.

We provide eco-driven solutions in our R&R and A&A projects to enable older buildings to become eco-friendly buildings in response to our customers' requirements and in tandem with the Singapore governmental policy to promote "green policy" for buildings in Singapore. We have in place a green procurement policy to identify and differentiate products and building methods which are environmentally friendly, energy and water efficient and serve to minimise resource wastage, encourage reuse and recycling and conserve energy and other resources.

Our customers from the public sector include town councils, government bodies and statutory boards such as HDB and those from the private sector include property owners and developers, and main contractors. Please refer to the "Major Customers" section of this Offer Document for further details.

Our R&R works are mainly conducted through ISO-Team Corporation and TMS Alliances and each has a L5 financial grading awarded by BCA under the workhead category of CR09 (repairs and redecoration) which qualifies us to tender for projects for up to $13.0 million in contract value. Our A&A services are mainly undertaken by Raymond Construction, which has a B1 financial grading awarded by BCA qualifying us to tender for projects under the workhead category of CW01 (general building) for a contract value of up to $40.0 million per project.

Repairs and Redecoration Works

Our Group undertakes R&R works mainly on non-structural construction, improvements and routine maintenance works. Such R&R works typically include:

(i) Repainting and redecoration works;

(ii) Repairs of finishes, surface drainage, fixtures and fittings;

(iii) Replacement of finishes, lightings, fixtures and fittings;

(iv) Changing of signage;

(v) Amenities and facilities renewal works;

(vi) Retiling works;

(vii) Bin chute and refuse collection centre retrofitting works;

(viii) Reroofing and waterproofing works; and

(ix) Façade cleaning and retrofitting works.

R&R works are mainly routine maintenance works and are recurring in nature. As we conduct the R&R works in housing estates and industrial or commercial buildings, it is a common requirement that such works be carried out whilst the building is still in operation and whilst residents continue to occupy the building. As such, we carry out our works with minimum noise and utmost speed and efficiency, minimising inconvenience to the existing occupants and ensuring that cost-efficiency is maximised for our customers. In addition, we provide both exterior and interior repainting services for landed properties. Please refer to the "Business Overview – Our Projects" section of this Offer Document for more information on the details of the R&R projects undertaken by our Group.

Addition and Alteration Works

Our A&A projects focus mainly on structural works and infrastructure works and such A&A works typically include:

(i) Structural and non-structural steel works such as linkways and amphitheatres;

(ii) Structural and non-structural concrete works such as linkways and substations;

(iii) Sanitary and plumbing works;

(iv) Mechanical and electrical works;

(v) Installation of new fixtures and fittings;

(vi) Installation of new equipment and signage for amenities and game courts;

(vii) Architectural finishes such as glass and glazing works;

(viii) Roadwork and drainage works; and

(ix) Landscaping and irrigation system works.

Based on our experience and expertise in A&A works, we have secured more than 10 projects in relation to the Neighbourhood Renewal Programme introduced by the HDB as at the Latest Practicable Date, the purpose of which is to give older neighbourhoods a new lease of life. Such programme focuses on block and neighbourhood improvements over two or more precincts implemented by relevant town councils. In addition, our A&A projects include hawker centres upgrading which is a programme embarked on by NEA to provide a major facelift to older markets and hawker centres in Singapore. Please refer to the "Business Overview – Our Projects" section of this Offer Document for more information on the details of the A&A projects undertaken by our Group.

To carry out our R&R and A&A projects, our Group appoints sub-contractors (where necessary) with established track records and relevant experience in completing projects within deadlines and the required standards for quality. Please refer to the "Sub-contracting" section of this Offer Document for further details.

Our Green Solutions

In line with the government initiatives to promote "green" or resource efficient buildings in Singapore, our Group has in place a green procurement policy to identify and differentiate products and methods which are environmentally friendly by taking into consideration various factors such as product life cycle, higher productivity, safety and health effects, energy and water savings, ecological rucksack, sustainable maintainability, safe disposal, and as much as possible, planned obsolescence. We pro-actively work with our suppliers and sub-contractors to implement green construction methodology and use of green products in our projects.

Some of the eco-friendly designs and products used in our R&R and A&A projects include (i) using paint with low VOC, fixtures and fittings made from recycled materials such as recycled rubber and plastic, energy-saving LED lights and signage, solar-powered lamps and solar light tubes, and self-cleaning and anti-skid tile coating to reduce maintenance; (ii) reducing construction waste by rescreeding and recoating the floor instead of reconstruction; (iii) reusing salvaged materials and downcycling during construction; and (iv) adapting our design (where applicable) to take into account any environmental constraints, for instance, to avoid the cutting of matured trees.

In addition, we work with strategic partners and technology companies to develop and commercialise the following green products either as a distributor or under our own brand:

(i) Thermal insulating plaster and screed made from fly ash;

(ii) Composite timber decking made of bamboo wood and recycled plastic;

(iii) Slip resistant floor coating; and

(iv) Nano-titanium dioxide photocatalytic coating.

Through offering green solutions, we have been able to secure projects for buildings which are required to meet BCA's Green Mark standard. In addition, green solutions can often lower the project costs involved in terms of labour or material costs especially where the recycling option is selected. Please see the "Prospects, Business Strategies and Future Plans" section of this Offer Document for more details on how our green solutions may be further integrated into our future projects.

Our Projects

The major projects undertaken by our Group in the past years are set out below:–

(A) **Repairs and Redecoration**

Description of Project	Type/Nature of Project	Year of Completion
R&R works to 30 blocks of HDB flats at Pasir Ris Drive 10 and Street 71	HDB/Public Sector	2009
R&R and improvement works to 9 blocks of HDB flats at Jalan Membina and 57 blocks of HDB flats at Post War Estate in Tiong Bahru Division	HDB/Public Sector	2009
R&R to Hollandia Condominium at 91/93 Holland Road	Private Residential	2009
R&R works to 29 blocks of HDB flats at Punggol Field, Edgedale Plains, Edgefield Plains and Punggol Central	HDB/Public Sector	2010
R&R works to Eastlink Building	Commercial/Industrial	2010
R&R works to 33 blocks of HDB flats at Rivervale Walk, Rivervale Drive and Rivervale Crescent	HDB/Public Sector	2011
R&R works to Sim Lim Tower	Commercial/Industrial	2011
R&R works to 37 blocks of HDB flats at Rivervale Walk, Rivervale Street and Rivervale Drive	HDB/Public Sector	2012
R&R works to 26 blocks of HDB flats at Tampines Street 44, Street 45 and Avenue 9	HDB/Public Sector	2012
R&R works to Sin Ming Autocare and AMK Techlink	HDB/Public Sector	2012
R&R and reroofing works to 42 blocks of HDB flats in Woodlands Division	HDB/Public Sector	2012
Repainting and repair works to The Jade Condominium at 9 Bukit Batok Central Link	Private Residential	2012
R&R works to National Service Training Institute for Singapore Civil Defence Force	Commercial/Industrial	2012
Repainting works to 3 blocks at Ngee Ann Polytechnic	Institutional	2012
R&R and improvement works to 80 blocks of HDB flats and shops at Hougang, Serangoon North and Paya Lebar estates	HDB/Public Sector	On going project[(1)]

Note:

(1) The completion of this project is scheduled to take place in 2015.

(B) **Additions and Alterations**

Description of Project	Type/Nature of Project	Year of Completion
Renovation works to Best Denki at IMM Building	Commercial/Industrial	2006
Renovation works to five-storey building at No. 98 and 100 Pasir Panjang Road	Commercial/Industrial	2008
A&A works to 4 blocks of HDB flats at Toa Payoh Lorong 6 (change of use)	HDB/Public Sector	2009
Upgrading of Serangoon North Neighbourhood Centre	HDB/Public Sector	2009
Repair, renovation and repainting works to multi-purpose community hall and parish house of St. Joseph's Church	Religious	2009
A&A works to five blocks of HDB flats at Bedok South Avenue 3 (change of use)	HDB/Public Sector	2010
Upgrading of neighbourhood park at Ang Mo Kio Avenue 4 and Avenue 5	HDB/Public Sector	2010
Upgrading of Hong Lim Market and Food Centre	NEA/Public Sector	2010
Estate upgrading of Chestnut Estate	HDB/Public Sector	2011
Renovation and rectification works to YWCA Building 6 Fort Canning Road	Institutional	2011
Neighbourhood renewal at Hougang Avenue 6	HDB/Public Sector	2012
Upgrading of market and food centre at Block 115 Bukit Merah View and Block 82 Telok Blangah Drive	NEA/Public Sector	2012
Neighbourhood renewal at Tampines Neighbourhood 9	HDB/Public Sector	2013
Neighbourhood renewal at Serangoon Avenue 2 and Avenue 3	HDB/Public Sector	On going project(1)
Neighbourhood renewal at Bukit Batok West Avenue 4 and Avenue 7	HDB/Public Sector	On going project(2)

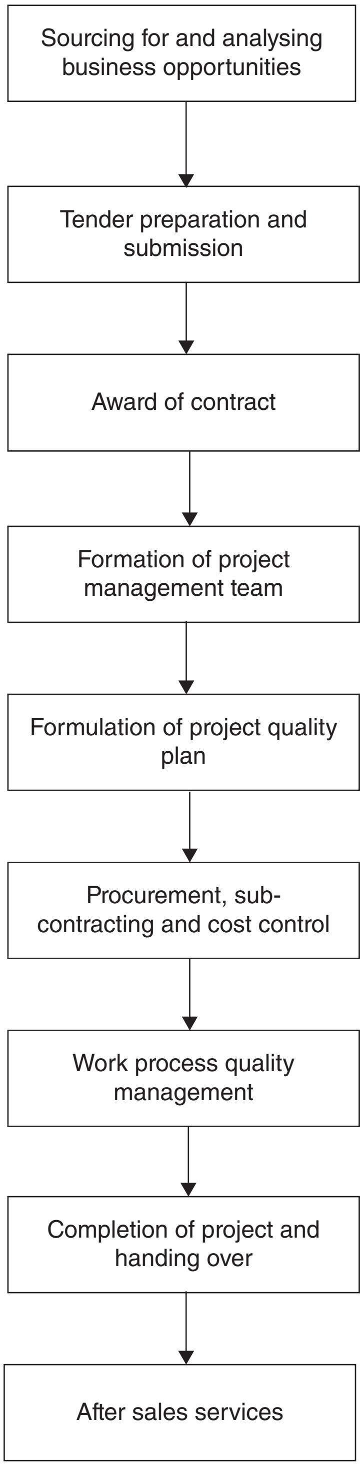
Notes:

(1) The completion of this project is scheduled to take place in 2013.

(2) The completion of this project is scheduled to take place in 2014.

OUR PROJECT WORK FLOW

The following is a diagrammatical depiction of our project work flow process:–



Sourcing for and analysing business opportunities

Our Group secures our R&R and A&A projects through participation in open tenders as well as closed or invited tenders. Information of open tenders can be obtained through tender notices in print and electronic advertisements. Tenders by invitation are made by prospective customers, consultants and business associates who are familiar with and confident of our capabilities, track record and financial strength. Before participating in a tender, we would first evaluate our existing commitments and available resources, including whether our Group possesses the required skill set as well as the profitability of the projects, before submitting a bid.

Tender preparation and submission

Once a decision has been made to participate in the tender, our tender department would typically undertake the following steps to ensure that we submit a suitable tender proposal having considered all the requirements stipulated in the tender documents:

(i) review the relevant tender documents to understand the specific requirements of the project after clarifying any technical or legal ambiguities with the consultants appointed by our customers;

(ii) verify the bill of quantities prepared to ensure the quantities and scope of work are adequately captured;

(iii) consider the complexity and time frame of the project, the condition of the vicinity of the project site and the applicable market condition in determining the tender price; and

(iv) obtain quotes from suppliers and sub-contractors for materials and work to be done (as applicable).

The entire process for the above would typically take about three to four weeks depending on the size of project and the form of contract.

Award of contract

Typically, tenders for public sector projects will be awarded to the lowest tenderer and the results will be published on the website of the managing agents, town councils and/or relevant government boards. For invited tenders, if our submitted tender price is amongst the lowest, we may then be required to attend tender interviews to clarify issues such as pricing and materials offered, methods of carrying out the work required and to respond to any other queries relating to the tender. There may be negotiations to finalise the price and terms of the contract before the contract is awarded. Notification of a successful tender will typically take place within one to three months after the close of the tender.

Once we are awarded the contract, our tender department will brief our project department on, *inter alia*, the scope of work, specific requirements of the project such as the contract period and site constraints, as well as the cost structure and budget. The project department will thereafter be responsible for the execution of the project.

Formation of project management team

Our project director, upon taking over the project from the tender department, will form a project management team to execute the project. The size of the project management team for each of our projects will depend on the size, complexity and contract period of the project. The project management team, under the supervision of our project director, is headed by a project manager who will be supported by a team of technical co-ordinator, mechanical and electrical co-ordinator, site supervisor, safety coordinator, quantity surveyor, site clerk and foreman in accordance to site requirements to manage the project on a full-time basis.

Formulation of project quality plan

Once the project management team is formed, it is required to formulate a project quality plan which has to be approved by our project director. A project quality plan is a document that outlines all necessary procedures, schedules and controls to ensure that the project is executed in accordance with the contractual requirements and drawings, and meet the objectives of completing the project with high quality under safe conditions within the stipulated time and budgeted cost. The project quality plan consists of the project organisation chart and the responsibilities of all parties involved, brief description of the project master work programme, schedule of procurement, schedule of technical submission and integrated quality procedures which specify quality, environmental, health and safety requirements.

Procurement, sub-contracting and cost control

Our project management team will prepare a procurement schedule stating the required dates of award for various sub-contracts at the beginning of the project. Please refer to the "Sub-contracting" section of this Offer Document for further details on the appointment of sub-contractors. Regular meetings amongst the members of the project management team will be held to monitor the status of the procurement schedule so that the progress of the project will not be affected.

A project cost budget will also be prepared once we are awarded a contract. Quotes will be obtained from a list of reliable suppliers and sub-contractors whom we have worked with previously and who are able to give us competitive prices or better services. We will then award the sub-contracts as soon as possible to avoid any escalation in prices.

Work process quality management

The project manager will manage the project in accordance with the project quality plan. He will hold regular meetings with his team members, suppliers and sub-contractors to track the progress of work, schedule of procurement and schedule of technical submission to ensure that these are carried out accordingly. The project management team will also carry out daily site inspection to ensure that the works are carried out in accordance with the integrated quality procedures. The project manager will procure all necessary actions to ensure that the project quality plan is being complied with. Our project director will conduct site inspections and regular meetings with the project manager and his team members to ensure that the execution of the project is under control.

Completion of project and handing over

A few weeks prior to the completion of a project when most of the works have been completed, our project management team will check the completed works and prepare a list of defects and outstanding works which will be issued to the respective sub-contractors. Our project management team will ensure that the defects are rectified by the sub-contractors to our satisfaction.

Our project management team will inform our customer when the project is ready for handover. We are required to provide documents such as the built drawings, warranties, operations and maintenance manual to our customer upon completion. The certificate of completion will be issued by our customer typically within six months from the date of handover. With the certificate of completion, we will submit our final payment claim, inclusive of all variation works to our customer.

Generally, the projects undertaken by us require us to be liable for any defects within our work boundary for at least 12 months from the point of completion and handing over to our customer after inspection. We are required to attend to all defects during the defects liability period, inclusive of those arising from the default of the sub-contractors engaged by us. Typically, we will furnish a performance bond for a value of 10% of the contract sum that is issued by an insurance company or a financial institution as security for our due performance of the contract on a timely basis. When the defects liability period expires, the insurance company or financial institution will write to our customer to request for a discharge of the performance bond at least three months from the date of expiry of the performance bond. The performance bond is usually only enforced in extreme cases where there is a serious delay in the project or if we are not able to proceed further and complete the project. None of our customers have enforced the performance bond provided by us during the last three financial years ended 30 June 2012 and for the period from 1 July 2012 up to the Latest Practicable Date.

After sales services

We also provide warranty for certain works in our projects such as painting, waterproofing and self-levelling screed, which generally ranges between two to 14 years. We will usually carry out one more round of painting during the warranty period for the ground floor, podium, staircase, staircase landings and lift lobbies of buildings within the scope of our project. Some of the other works which we are expected to carry out during the warranty period include remedying defective paintwork and repainting of buildings for the second time if such need arises.

SUB-CONTRACTING

We are generally the main contractor for each project undertaken by us, except in R&R projects where we are engaged as the exclusive applicator of paint works for SKK in public housing as sub-contractor. As a main contractor, we will be responsible for managing and controlling the work site and executing each project in accordance with the timelines stipulated by our customers. In this respect, we will analyse the scope of work of each project and ascertain the portions of work which we do not have the capacity or skill to undertake. Generally, we will also carry out painting work, reroofing and waterproofing work, structural work and general work relating to R&R projects if we have sufficient resources to undertake such work.

In respect of work which we had identified to be not within our capacity or expertise, we will engage sub-contractors to undertake such work. We will usually either obtain quotes from our regular sub-contractors, or select at least three reliable sub-contractors with strong track records and provide them with details of such work to be undertaken and invite them to provide quotations for the work. Upon being awarded the contract pursuant to a successful tender, we will proceed to appoint the sub-contractor to undertake such work. Such work include painting work, carpentry work, waterproofing, ceiling work, tiling work, wet work, plumbing and sanitary work, roofing, aluminium work, steel work, metal work, coating, concrete work, electrical work, brick-laying, plastering services, landscaping and other specialist work. To ensure that the sub-contractor understands the contractual requirements for each project, our agreement with them usually includes relevant provisions and specifications contained in our contract with the customer. In addition, depending on the amount of work to be undertaken by each sub-contractor, we will assign MYE which have been allocated to us by MOM to each sub-contractor in order for them to employ foreign workers to carry out the work. Notwithstanding that we may have sub-contracted certain portions of the project to our sub-contractors, we remain liable to our customers for the proper execution of such work.

In respect of our role as exclusive applicator for SKK in public housing, we are their sub-contractors in R&R projects which they award to us. In such projects, SKK will be responsible for making tender submissions to bid for R&R projects and we would enter into a sub-contract agreement with SKK upon them being successfully awarded a tender. Our role in such projects involves managing and executing the R&R projects together with sub-contractors appointed by us to handle certain portions of the project.

SALES AND MARKETING

Our Executive Director and CEO, Anthony Koh, oversees the formulation of our sales and marketing strategies and works closely with our sales, marketing and contracts team on plan implementation, monitoring and feedback. When new opportunities are identified, feasibility studies will be conducted internally with professional advice sought as and when necessary.

We secure our R&R and A&A projects through participation in open tenders as well as closed or invited tenders. Information of open tenders can be obtained through tender notices in print and electronic advertisements. Tenders by invitation are made by prospective customers, consultants and business associates who are familiar with and confident of our capabilities, track records and financial strength. We pride ourselves in being awarded a number of projects through tenders even when we are not the lowest bidder. Credit goes to our quality track record, good market reputation and referrals from our satisfied customers.

We market our services and products by establishing and maintaining business relationships with professionals such as managing agents, consultants such as architects and quantity surveyors, building owners, contractors, suppliers and relevant statutory boards and government bodies. To provide information on our Group and our track records, we have printed corporate brochures and set up a website at http://isoteam.com.sg/ for potential customers' easy reference.

QUALITY ASSURANCE

We are committed to providing reliable and high quality services for all our projects by ensuring that customers' specifications are achieved. To this end, we have implemented a quality management system which is overseen by the management representative, who is currently our Executive Director, Danny Foo. We are currently adopting a quality management system that integrates and complies with ISO 9001:2008 (for quality management system), ISO 14001:2004 (for environmental management system) and OHSAS 18001:2007 (for occupational health and safety management system) standards.

To ensure the quality of our projects, our Group also ensures that our sub-contractors have relevant experience and proven track records. We conduct regular inspections at each project phase to ensure that each stage is constructed according to the project specifications and the prescribed methods and procedures.

In order to ensure that we maintain high standards of quality and as part of our efforts to monitor quality and service levels, we have established and aim to achieve the following quality objectives:–

– To provide value for money products and services through competitive pricing and competent execution of work;

– To achieve high quality work through stringent process control and continuous improvements by investing in training and upgrading of our workforce;

– To meet project deadlines through sound project management by promoting open communication and teamwork; and

– To exceed customers' expectations and to treat all individuals with respect, courtesy and honesty.

As a testament to our quality commitment, since 2005, our quality management system has been certified by Certification International (S) Pte Ltd as having satisfied ISO 9001:2008 in respect of general building construction while our health and safety management system has been certified as having satisfied OHSAS 18001:2007 in respect of general building construction and provision of suspended scaffolding works. In 2013, we received the ISO 14001:2004 certification for our environmental management system. This is a testimony to our commitment in delivering high quality work to our customers.

MAJOR CUSTOMERS

Our customers who accounted for 5% or more of our revenue during the periods under review were as follows:–

	As a Percentage of Revenue (%)			
Customer	**FY2010**	**FY2011**	**FY2012**	**HY2013**
NEA	3.0	20.2	19.5	5.2
SKK[1]	14.0	21.6	17.7	20.3
Pasir Ris – Punggol Town Council	28.0	2.4	12.3	5.3
Tampines Town Council	1.8	–	11.5	19.1
Sembawang – Nee Soon Town Council	–	3.3	9.5	4.9
Holland-Bukit Panjang Town Council	2.5	5.5	7.1	2.5
Aljunied – Hougang Town Council	13.2	4.1	6.0	7.6
Choa Chu Kang Town Council	–	–	2.9	7.1
Marine Parade Town Council	–	–	1.8	10.8
Ang Mo Kio Town Council	6.4	9.9	0.7	0.5
West Coast Town Council	1.1	14.1	0.6	–
Tanjong Pagar Town Council	4.9	5.6	0.4	4.0

Customer	As a Percentage of Revenue (%) FY2010	FY2011	FY2012	HY2013
E M Services Private Limited	16.8	3.6	–	–

Note:–

(1) This comprises revenue from R&R projects which were sub-contracted to our Group by SKK which is the main contractor of such projects. In addition, our Group purchases paint from SKK as a supplier and such purchases accounted for less than 5% of our purchases during the periods under review.

Revenue generated by each major customer is subject to the value of projects which we secure from them and time to completion. We may not generate similar projects in terms of size and scope with the same customer in subsequent years.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major customers.

As at the date of this Offer Document, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major customers.

MAJOR SUPPLIERS AND SUB-CONTRACTORS

Our suppliers and sub-contractors who accounted for 5% or more of our purchases during the periods under review were as follows:–

Supplier/ Sub-contractor	Materials/ Services supplied	As a Percentage of Purchases (%) FY2010	FY2011	FY2012	HY2013
CFB-Team Pte. Ltd.[(1)]	Cement and tiling works as a sub-contractor	–	–	1.5	10.9
Allglass Services (S) Pte Ltd	Wall cladding and aluminium fixture works as a sub-contractor	9.3	–	0.2	–

Note:–

(1) Please refer to the "Interested Person Transactions" section of this Offer Document for more information.

Due to the nature of our business, we engage sub-contractors from time to time, the details of which are described in the "Sub-contracting" section of this Offer Document. Although we engage several sub-contractors, none of which accounted for 5% or more of our purchases during the periods under review save as disclosed above. The fluctuations in our purchases from our major suppliers and sub-contractors were a result of our varying requirements for different projects. We may not generate similar purchases in terms of size and scope with the same supplier or sub-contractor in subsequent years. We generally do not enter into long-term or exclusive agreements with our suppliers and sub-contractors as this would provide us with the flexibility to evaluate and select new suppliers and sub-contractors which are able to give us the highest possible quality service at competitive pricing. The key considerations in selecting our suppliers and sub-contractors include the quality of their products, pricing, services and timeliness of delivery. As such, we are not dependent on any single supplier or sub-contractor and our purchases from suppliers and sub-contractors may vary from year to year. Please refer to the "Sub-contracting" section of this Offer Document for further details.

Other than being our suppliers of paint, we have exclusive arrangements with SKK and Nippon Paint Singapore, which are major paint manufacturers in Singapore. In both cases, we are the exclusive applicator of paint works for repairs and redecorations projects under HDB and town council sectors. Our subsidiary, ISO-Team Corporation is also the exclusive applicator of paint works for SKK for repairs and redecoration projects under Defence Science & Technology Agency and Jurong Consultants Pte Ltd.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers or sub-contractors.

As at the date of this Offer Document, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major suppliers or sub-contractors.

CREDIT MANAGEMENT

Credit Terms to Our Customers

Generally, our major customers are town councils, government bodies and statutory boards. Our credit terms are given based on contractual terms of the individual projects, which are typically in line with the industry standards. We will usually invoice our customers based on the progress of the projects and grant them credit terms ranging from seven to 60 days from the date of our invoice depending on the terms of the contracts. Generally, the contract value is payable to us on a progressive basis depending of the stage of completion of the project.

Our Executive Directors, namely David Ng and Anthony Koh manage and administer our credit policies, which include the evaluation and acceptance of the credit terms stipulated in a tender. Our CFO monitors the collection of payments for our Group as well as overdue trade receivables on a regular basis. Specific provision or write-off will be made when we are of the view that the collectability of an outstanding debt is impaired or the debt is uncollectible. The amount of bad debts written off and allowance for doubtful receivables during the periods under review were as follows:–

($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2013**
Bad debts written off (trade)	–	37	–	–
Bad debts written off (non-trade)	73	8	–	–
Allowance for doubtful receivables (trade)	–	–	–	–
Allowance for doubtful receivables (non-trade)	–	–	–	–
Total	73	45	–	–
As a percentage of revenue (%)	0.3	0.2	–	–
As a percentage of PBT (%)	2.8	18.9	–	–

Our average trade receivables' turnover days during the periods under review were as follows:–

	FY2010	FY2011	FY2012	HY2013
Average trade receivables' turnover days[(1)]	86	87	90	95

Note:–

(1) The average trade receivables' turnover days is calculated based on the average of the opening and closing trade receivables balances of the relevant FY divided by revenue and multiplied by the number of calendar days in the relevant FY.

Our trade receivables as at 31 December 2012 amounted to $12.2 million (of which approximately $9.4 million has been collected as at the Latest Practicable Date) and its aging schedule were as follows:–

Age of Trade Receivables	Percentage of Total Trade Receivables (%)
0 – 30 days	81.9
31 – 60 days	13.1
61 – 90 days	2.4
91 – 120 days	1.1
More than 120 days	1.5
	100.0

Credit Terms from Our Suppliers and Sub-contractors

Generally, our suppliers and sub-contractors grant us credit terms of 30 to 90 days from the date of invoice depending on the terms of the contracts.

Our average trade payables' turnover days during the periods under review were as follows:–

	FY2010	FY2011	FY2012	HY2013
Average trade payables' turnover days[(1)]	70	65	61	63

Note:–

(1) The average trade payables' turnover days is calculated based on the average of the opening and closing trade payables balances of the relevant FY divided by cost of sales and multiplied by the number of calendar days in the relevant FY.

RESEARCH AND DEVELOPMENT

We intend to carry out research and development activities jointly with strategic partners and technology companies or institutions with a niche in green technologies to develop and commercialise green products. Save as aforementioned, the nature of our business does not require us to carry out any research and development activities.

INTELLECTUAL PROPERTY

Save as disclosed below, we do not own nor are we dependent on any registered trademark, patent or other intellectual property rights:–

Registration Number/Trademark	Class[1]	Country of Registration	Status
T1302059Z	37	Singapore	Application filed on 6 February 2013
T1302056E	37	Singapore	Application filed on 6 February 2013

Note:–

(1) The class of Specification of Goods and Services in Singapore is described as follows:–

Class 37: Building construction, repair and installation services.

As at the Latest Practicable Date, our business or profitability is not materially dependent on any registered trademark, patent or other intellectual property rights.

INVENTORY MANAGEMENT

Generally, we do not maintain materials or inventories so as to minimise carrying cost. We usually purchase materials as and when required based on the budget and costing requirements as set out by our team when a contract is secured. However, from time to time, where we anticipate that there could be a shortage in the supply of materials due to market conditions, we may maintain some inventories to meet the needs of our projects. Our Group maintains mainly eco-friendly products in our inventory. We adopt the first-in-first-out method of inventory management and costing. As at the Latest Practicable Date, the value of such inventory was not significant.

LICENCES, PERMITS AND APPROVALS

As at the Latest Practicable Date, our Group holds the following licences, permits and approvals which are material to our operations:–

Workhead Reference	Workhead Description	Grade	Expiry Date	Name of Subsidiary
CW01	General building	B1	1 January 2015	Raymond Construction
CW01	General building	B2	1 January 2016	ISO-Team Corporation
CR06	Interior decoration and finishing works	L2	1 January 2015	Raymond Construction
CR06	Interior decoration and finishing works	L1	1 January 2016	ISO-Team Corporation
CR09	Repairs and redecoration	L5	1 January 2016	ISO-Team Corporation
CR09	Repairs and redecoration	L5	1 November 2015	TMS Alliances
CR09	Repairs and redecoration	L4	1 January 2015	Raymond Construction
CR13	Waterproofing installation	L3	1 January 2015	Raymond Construction
SB(SS)	Specialist builder (structural steelwork)	–	1 July 2013(1)	ISO-Team Corporation
GB1	General builder class 1	–	16 June 2015	Raymond Construction and ISO-Team Corporation
GB2	General builder class 2	–	3 July 2015	TMS Alliances

Note:

(1) Subsequent to the Latest Practicable Date, this licence has been renewed and the expiry date is 1 July 2016.

As at the Latest Practicable Date, none of the licences which are material to the business and operations of our Group have been suspended or revoked. There is at present no facts or circumstances which would cause such licences to be suspended or revoked or for any applications for, or for the renewal of, any of these licences to be rejected by the relevant authorities.

Save as disclosed above, our Group does not require any other governmental licences, permits or approvals in respect of its operations apart from those pertaining to general business registration requirements.

PRODUCTION FACILITY

We do not undertake any manufacturing or production activities as the nature of our business does not require us to do so.

PROPERTIES AND FIXED ASSETS

In November 2012, ISO-Team Corporation entered into an option to purchase with an unrelated party to sell its property located at No. 41 Kaki Bukit Place Singapore 416219 at a consideration of $6.2 million. The sale was completed in January 2013.

As at the Latest Practicable Date, our Group owns the following property:–

Location	Tenure	Approximate GFA (sq m)	Usage	Encumbrances
No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231	60 years leasehold from 20 November 1995	1,309.5	Office and workers' dormitory	Subject to restrictive covenant and mortgage in favour of DBS Bank Ltd.

As at 31 December 2012, the net book value of our property was approximately $2.6 million while the net carrying value of our fixed assets comprising office equipment and fittings, motor vehicles, gondolas and machinery, computers and renovations was $4.3 million.

As at the Latest Practicable Date, our Group leases the following properties:

Location	Lessor	Approximate area (sq m)	Term of Lease	Annual Rental	Usage
No. 41 Kaki Bukit Place Singapore 416219	Winston Engineering Corporation Pte Ltd	GFA of 1,309.5	Three years commencing on 1 February 2013 to 31 January 2016	$310,000	Office, workshop, warehouse and workers' dormitory
Open area at MK 11 Lots No. 90, 236, 237 and 521 Jalan Lam Huat Singapore 730000	LHN Logistics Management Pte. Ltd.	Land area of 464.5	One year commencing on 5 June 2013 to 4 June 2014(1)	$60,000	Execute engineering and construction works

Note:

(1) Our Company is in the process of finalising the lease agreement with the lessor for the lease of the property for the period of one year commencing on 5 June 2013.

As at the Latest Practicable Date, our foreign workers are also housed at No. 21-39 Kaki Bukit Avenue 3 Singapore 415920 and No. 45 Kaki Bukit Place Singapore 416223 and the cost of accommodation is charged based on the number of occupants staying in these workers' dormitories. The total annual rental paid by our Group for our workers' dormitories amounted to approximately $85,000, $104,000, $308,000 and $197,000 in FY2010, FY2011, FY2012 and HY2013 respectively.

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets, save as disclosed in the "Government Regulations" section of this Offer Document.

STAFF TRAINING

We believe that our employees are an invaluable resource. We place strong emphasis on staff training to maintain a competent workforce so as to ensure that the services rendered by our Group are of a high and consistent standard. To assist our employees in achieving better quality work and higher safety standards, our Group constantly conducts in-house training programmes and enrols our employees in external training courses according to their specific responsibilities and areas of work. Such training includes courses on construction and workplace safety, construction project management and quality assurance. We also encourage our senior management and managers to attend training that will enhance their planning, analytical, managerial and leadership skills. Our Group is planning to enrol our project managers for BCA courses to be certified as BCA Green Mark Professionals. Our staff training expenses are not significant for the periods under review as most of the training is conducted in-house and comprise mainly on-the-job training.

INSURANCE

Our Group has taken up, *inter alia*, the following insurance policies:–

(i) Workmen's/Work Injury Compensation;

(ii) Public liability insurance;

(iii) Contractors' all risks insurance;

(iv) Machine and equipment all risks insurance;

(v) Fire insurance;

(vi) Motor vehicle insurance;

(vii) Personal accident insurance;

(viii) Hospitalisation and surgical insurance; and

(ix) Medical insurance.

Our Directors are of the view that the above insurance policies are adequate for our existing operations. However, significant damage to our operations, whether as a result of fire or other causes, may still have a material adverse effect on our results of operations or financial position. We are not insured against the loss of key personnel and business interruption. If such events were to occur, our business may be materially or adversely affected. We will review our insurance coverage annually to ensure that our Group has sufficient insurance coverage. Please refer to the "Risk Factors" section of this Offer Document for more details.

COMPETITION

Our Directors recognise that we operate in a highly competitive environment and we are subject to competition from existing competitors and new entrants in the future. We compete with qualified competitors who hold the same BCA grading as us.

To the best of our Directors' knowledge, the following companies are considered to be our main competitors in the R&R segment:–

- BM Building Pte Ltd
- CKR Contracts Pte Ltd
- Far East Contractor Pte Ltd
- Giftbuild Pte Ltd
- Paintplus Contract Pte Ltd

To the best of our Directors' knowledge, the following companies are considered to be our main competitors in the A&A segment:–

- CBM Pte Ltd
- Crystal Jade Construction Pte Ltd
- EAC Corporation Pte. Ltd.
- Exclusive Design Construction Pte Ltd
- JS Metal Pte Ltd

To the best of our Directors' knowledge, there are no published statistics or official sources of information with respect to industry statistics and the market share of our Group and our competitors.

None of our Directors, Controlling Shareholders or Substantial Shareholders has any interest, direct or indirect, in any of the above competitors.

COMPETITIVE STRENGTHS

Our Directors believe our key competitive strengths are as follows:–

We have a strong track record in execution of R&R and A&A projects

We have an established and proven track record in the execution of R&R and A&A projects, having undertaken more than 200 R&R and A&A projects involving more than 1,500 buildings. We are recognised for our timely delivery, quality, reliability and safety by our customers. We believe that this proven track record combined with our 15 years of experience and competitive pricing have been critical in enabling us to successfully compete against other firms in the same industry. Our success in repeatedly winning tenders for public sector projects even when we are not the lowest in price is testament to the quality of our Group's services. We believe that our track record will continue to help us in our efforts to secure future R&R and A&A projects.

We have long-standing and established relationships with our customers, suppliers and sub-contractors

With our track record and experience in the execution of R&R and A&A projects, we have been able to deliver good and reliable services and end products to our customers and build strong relationships with our suppliers and sub-contractors over the years. We believe that our long-standing and established relationships with our customers, suppliers and sub-contractors serve as a competitive advantage for us to secure new projects. In this regard, ISO-Team Corporation is the exclusive applicator of paint works for SKK in the public housing sector since 1998 while TMS Alliances is the exclusive applicator of paint works for Nippon Paint Singapore under HDB and town council sectors. TMS Alliances was formerly a joint venture company established by Raymond Construction and Nippon Paint Singapore to carry on the business of provision of R&R services. Both SKK and Nippon Paint Singapore are major paint manufacturers in Singapore. Please refer to the "Major Suppliers and Sub-contractors" section of this Offer Document for further details.

We are capable of handling a wide spectrum of projects

Our Group is capable of managing a diversified type of projects. Hence, we are less likely to be affected by adverse market conditions. Over the years, we have successfully completed a wide range of R&R and A&A projects and have undertaken projects for both the public and private sectors. We have handled projects of different categories, namely, residential, commercial, industrial and institutional. As we are also capable of taking on projects where the building is still inhabited, being a "live" building, we believe that this provides diversification to our business. As we conduct the R&R works in housing estates and industrial or commercial buildings, it is a common requirement that such works be carried out whilst the building is still in operation and whilst residents continue to stay in the building. Even in such cases, we have managed to carry out our works while keeping noise levels and disruptions to existing occupants at an acceptable level and without compromising public safety and contract duration.

In addition, the nature of R&R works which involve mainly routine maintenance provides an additional shield to our Group from adverse market conditions. For instance, in order to maintain a neat and tidy outlook and to prevent buildings from becoming an eye sore which will in turn become a disamenity to the surrounding neighbourhood, Singapore regulations require building owners to paint the external walls of their building at intervals of not more than five years. In addition, HDB would typically carry out improvements to HDB estates and flats which include renewal of amenities and facilities, reroofing and waterproofing, electrical load upgrading, façade enhancement and replacement of block number plates on a periodic basis. As such, there will be a continuous demand for upgrading, retrofitting and maintenance of buildings and facilities activities under the public housing sector in Singapore. With our proven track record in the execution of R&R and A&A projects for public sector and good relationships with our customers, we believe we are well poised to secure such contracts.

We have an experienced and professional team of senior management and key executives

We have an experienced and professional management team led by our Executive Chairman, David Ng, our CEO, Anthony Koh and our Executive Director, Danny Foo each of whom has more than 20 years of experience in the building maintenance and estate upgrading industry, and have been working together since the founding years of our Group.

We place strong emphasis on professional development, and our management team regularly attends training and educational programmes to update themselves on management techniques and the latest market developments relating to our business. Our management is supported by a team of key executives who are also experienced and competent in their respective functions. Please see the "Directors, Executive Officers and Staff" section of this Offer Document for more details on the working experience of our Directors and Executive Officers.

We believe we have an early mover advantage in providing environmentally sustainable solutions, which is in tandem with the "green building" policy

We believe that we have an early mover advantage, in line with the Singapore government's green initiative in implementing the BCA Green Mark Scheme, and we have been actively sourcing for eco-friendly products and construction methods and have also been integrating such products and methods into projects undertaken by us. Our experience in implementing and integrating environmentally sustainable solutions gives us an advantage over our competitors, and in particular eco-conscious projects. In addition, apart from the eco-friendly products which we presently carry (such as the thermal plaster, nano-titanium dioxide photocatalytic coating and slip resistant floor coating), we are constantly sourcing for other eco-friendly products to testbed and integrate into our projects. We believe that we will be able to further develop and consolidate our experience and competitive advantage in eco-conscious design implementation and construction to stay ahead of our competitors.

We invest in our own fleet of equipment and train our workforce to develop our capabilities which enable us to deliver cost effective solutions to our customers

Our Group has invested in our own fleet of equipment for our business thereby increasing our capability to take on more projects as well as maximising cost efficiency for our customers and in our projects. Having our own fleet of equipment enables us to derive additional income by renting out the equipment not being utilised in our business at any given time. In addition, our in-house specialist capabilities, such as wet works, painting, gondolas and metal specialist teams enable us to provide a more comprehensive service, depending on the specifications and scale of each project. We believe we are able to leverage on our own fleet of equipment and in-house specialist capabilities to undertake more projects and better able to deliver each project within time and cost standards as required by each project.

PROSPECTS

Our Directors believe the following to be factors affecting the growth of our business:–

Singapore's Blueprint on Sustainable Development and legislation to green existing buildings in Singapore

In 2009, the Inter-Ministerial Committee on Sustainable Development ("IMCSD") had recommended measures to promote resource-efficient buildings in Singapore[(1)]. One of IMCSD's recommendations was for 80% of Singapore's buildings to be green marked by 2030. Following the IMCSD's recommendations, new legislation have been passed mandating that from the second half of 2013, owners of hotels, retail and office buildings with a minimum GFA of 15,000 sq m will have to fulfill the following three requirements when they install or replace a chiller system:

(i) Achieve minimum BCA's Green Mark standard for existing buildings when a cooling system is installed or retrofitted;

(ii) Carry out three-yearly energy audit on building cooling systems; and

(iii) Submit building information and energy consumption data annually.

This is in addition to legislation passed in 2008, requiring new buildings with GFA of more than 2,000 sq m to achieve a BCA's Green Mark certification rating via the Building Control (Environmental Sustainability) Regulations[(2)].

To encourage building owners to adopt energy efficient retrofitting design, technologies and practices in their existing building, the Singapore government is presently providing incentives to help building owners defray the cost of such retrofitting[(3)].

In view of the aforementioned legislation, existing buildings to be retrofitted will have to meet BCA's Green Mark standard. In addition, the incentives provided by the Singapore government will encourage existing building owners to adopt energy efficient retrofitting design and practices.

Currently, our Group's corporate mission is to advocate Singapore's vision for eco-friendly buildings. Our Group practices green procurement with a codified green procurement policy for our Group and strongly advocates the use of eco-friendly designs and products when rendering our R&R and A&A services. Our Company actively engages in strategic partnerships and collaborations to roll out sustainable eco-friendly products and solutions. Moving ahead, our Company intends to set higher green procurement targets to incorporate more resource efficient solutions into our projects so as to achieve our vision in environmental conservation. We aim to achieve our ecological objectives through the three basic resolutions of "Reuse", "Reduce" and "Recycle".

In this regard, we intend to further leverage on our green procurement policy and practices to offer our existing customer network of building owners and architects green solutions and products which may be implemented in their building retrofitting projects in order to meet BCA's Green Mark requirements. Given our Group's experience in providing energy efficient and environmentally sustainable solutions in retrofitting existing buildings, we believe that we are well-poised to secure more projects with requirements to meet BCA's Green Mark certification.

Government initiatives

In recent years, the Singapore government has announced certain initiatives which our Group believes will have a positive impact to our sector and provide potential business to our R&R and A&A business segments. Some of these initiatives are:

(i) NEA announced plans in October 2011 to construct 10 new hawker centres[(4)]. The sites for all 10 hawker centres have been identified and construction of the hawker centres will be completed by 2017[(5)].

(ii) The Land Transport Authority announced in January 2013 that it will be enhancing the connectivity between transport nodes (such as MRT stations, LRT stations and bus interchanges) and trip generating hubs (such as schools, shopping centres and homes). As part of this new $330 million initiative, the Land Transport Authority has indicated plans to expand the existing network of sheltered linkways by building an additional 200 kilometres of new sheltered linkways between 2014 and 2018[(6)].

(iii) There are plans to increase the current population of Singapore, which will in turn have a direct impact on demand for residence, working spaces, amenities and facilities.

Regulatory requirements for building maintenance

In addition, in order to maintain a neat and tidy outlook and to prevent buildings from becoming an eye sore which will in turn become a disamenity to the surrounding neighbourhood, Singapore regulations[(7)] require building owners to paint the external walls of their building at intervals of not more than five years unless the Commissioner of Buildings approves otherwise[(8)]. This regulatory requirement generates considerable demand for work involving the painting and repainting of buildings in Singapore.

Opportunities in related or ancillary businesses

Due to older estates and buildings and the higher construction costs in Singapore, our Directors observe an increasing demand in refurbishment projects. More than 70% of the Singapore population reside in HDB flats. With the first HDB township being developed in 1973, some of the older HDB flats and estates are more than 30 years old. In view of the high construction costs to construct new buildings, older HDB flats and estates tend to upgrade through refurbishment.

Accordingly, our Group sees opportunity in offering services which are ancillary and complementary to our existing core business. These services include home retrofitting services, handyman services and estate management services. Our Directors are of view that we may leverage on our track record and expertise in executing R&R and A&A projects and our existing customer network to diversify our existing core business to include provision of services which are ancillary and complementary to our business. This would create additional revenue streams for our Group and the opportunities available to our Group to grow and expand our business would become greater. Barring unforeseen circumstances, these would enhance our prospects. We have plans to provide home retrofitting and fitting out services and further details can be found in the "Business Strategies and Future Plans" section of this Offer Document.

Notes:–

1. Information was extracted from the report titled “A lively and livable Singapore: Strategies for Sustainable Growth” issued by the IMCSD on 8 April 2009.
2. Information was extracted from the internet website of BCA at (http://www.bca.gov.sg/Newsroom/pr10092012_BCA.html).
3. Information was extracted from the internet website of BCA at (http://www.bca.gov.sg/GreenMark/gmiseb.html).
4. Information was extracted from the internet website of NEA at (http://app2.nea.gov.sg/news_detail_2012.aspx?news_sid=20120308651971980900).
5. Information was extracted from the internet website of The Straits Times at (http://www.straitstimes.com/breaking-news/singapore/story/3-towns-get-new-hawker-centres-20121021).
6. Information was extracted from the internet website of Land Transport Authority at (http://app.lta.gov.sg/apps/news/page.aspx?c=2&id=7c3a9b8f-c421-45fd-9b35-400b139c2cff).
7. Information was extracted from Section 4 of the Building Maintenance and Strata Management Act (Lift and Building Maintenance) Regulations 2005.
8. Information was extracted from the internet website of BCA at (http://www.bca.gov.sg/BMSM/bmsm_faqs.html#general_q23)

Each of the above organisations or corporations (as the case may be) has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

TREND INFORMATION

Our Directors are of the view that our revenue will continue to be driven by our order book which will in turn be dependent on there being no delay or cancellation in the commencement or continuation of such awarded projects. In addition, our Directors believe that our Group will benefit from the general increase in demand of public sector upgrading, retrofitting and maintenance of buildings and facilities activities in Singapore. Please refer to the “Prospects” section of this Offer Document for more information.

Our Directors expect that the sub-contracting costs and labour cost will increase gradually in line with the general inflation and the imposition of foreign workers’ levies. In this regard, the Singapore government had announced in Budget 2013 that with effect from 1 July 2014 and 1 July 2015, there would be progressive increases in foreign workers’ levies for work permits and S-Pass holders for all sectors.

Our Directors also observe an increasing demand in refurbishment and repainting projects in Singapore arising from increasing R&R and A&A projects in light of older estates and buildings and the higher construction costs to construct new buildings. This may attribute to an increase in paint prices in the near future due to higher demand. In addition, we anticipate the fluctuations in prices of crude oil, which is one of the raw materials of paint, will in turn cause an increase in the paint prices. Notwithstanding this, in the event that such costs increase, our Directors are of the view that our Group is well positioned to deal with this situation as we have, in the past, taken measures to deal with cost increase by factoring in such cost increase in our contracts with our customers.

Our Directors expect operating expenses to increase mainly due to the occurrence of listing and Placement related expenses and office rental expenses. In this connection, please also refer to the “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document for more information.

Save for the above, as at the Latest Practicable Date, our Directors do not expect any significant recent trends or any other known trends, uncertainties, demands, commitments or events to have a material effect on us in the current financial year.

ORDER BOOK

As at the Latest Practicable Date, our order book based on secured contracts amounted to approximately $80.5 million which are expected to be delivered over a period of the next 24 months. As the revenue from our projects is recognised based on the percentage of completion method, our order book excludes the contract value of completed works which have already been recognised as revenue.

In addition to the order book, we have emerged as the lowest tenderer in respect of the following projects based on information available to us as at the date of lodgement of this Offer Document:

(i) Neighbourhood Renewal Programme, electrical load upgrading and R&R works at Blks 534 to 566 Hougang Street 61, Street 52 and Avenue 9;

(ii) R&R works at Blks 130 to 139 Bedok North Street 2 and Avenue 3;

(iii) Neighbourhood Renewal Programme at Blks 933 to 950, 952 and 953 Jurong West Street 91;

(iv) R&R works to 27 HDB blocks at Ang Mo Kio Avenue 6, Avenue 8 and Avenue 9;

(v) Ancillary contract for Neighbourhood Renewal Programme to 38 blocks and electrical load upgrading works to 11 blocks at Tampines Street 91, Avenue 1 and Avenue 5; and

(vi) R&R works at Blks 402 to 411 and Blks 413 to 417 Bukit Batok West Avenue 2, Avenue 4 and Avenue 7.

The aggregate value of the abovementioned projects is approximately $32.0 million.

The state of our order book at any point in time is not reflective or indicative of our Group's overall financial results and performance at the relevant point in time and may be subject to variation, modification and cancellation by customers. Please refer to the "Risk Factors" section of this Offer Document for further details.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:–

Expanding our business in providing green solutions and products for R&R and A&A projects and our fleet of equipment, machinery and vehicles

Besides being an end-user for eco-friendly innovations and products (such as the thermal plaster, nano-titanium dioxide photocatalytic coating and slip resistant floor coating), we are also looking into commercialising eco-friendly products and solutions which we find beneficial and marketable. ITG-Green was incorporated specially to embark on this business expansion plan. Please refer to the "History" and "Business Overview – Our Green Solutions" sections of this Offer Document for more information on our foray into green procurement. We are building our distribution network channel and our customer base to accommodate a wide range of eco-friendly products and solutions as we grow our business with more partners. Our target partners are niche technology companies who have limited market access capabilities, institutional researchers who have great inventions but require a platform to launch their innovations and great products in overseas markets but with no presence in Singapore, and also businesses looking for local joint venture partner. We also intend to carry out research and development activities jointly with these strategic partners and technology companies or institutions to develop and commercialise green products.

To maintain our competitive edge and to provide better service to our customers, we intend to expand our fleet of equipment, machinery and vehicles through the acquisition of additional vehicles, such as lorries, and construction equipment and machinery such as excavators, demolition machines, dump trucks, boom and scissor lifts and mobile truck cranes. Having our own fleet of equipment and machinery would enhance our capability to take on more projects as well as maximise cost efficiency for our customers and in our projects. This would also ensure that we have available resources to meet the requirements and delivery timelines of our customers for our projects. In addition, to maximise the utilisation of and to lower the costs of these vehicles, equipment and machinery, we may from time to time lease the vehicles, equipment and machinery not being utilised in our projects to our business partners.

We intend to utilise approximately $1.2 million of our net proceeds from the Placement to part finance the expansion of our business in providing green solutions and products for R&R and A&A projects and our fleet of equipment, machinery and vehicles.

Expanding our business through acquisitions, joint ventures and/or strategic alliances, as well as developing new businesses

Leveraging on our existing experiences and customer network, we plan to focus on expanding our business in Singapore and embark on new markets in neighbouring countries as and when the opportunity arises, as well as offering services which are ancillary and complementary to our existing core business. We plan to achieve such expansion through suitable acquisitions, investments, strategic alliances and joint ventures, as well as developing new businesses as and when opportunities arise. With suitable acquisitions, strategic alliances and joint ventures, as well as developing new businesses, we could gain entry to new markets, gain new customer network, service our existing customers in their overseas' operations, as well as going into new related businesses. This will also bring about greater economies of scale and provide an impetus for our future growth. As at the Latest Practicable Date, we have not identified any specific opportunity save for the private home renovation business disclosed below. Should such an opportunity arise, we shall seek approvals, where necessary, from our Shareholders and the relevant authorities as required by the relevant rules and regulations.

With respect to developing new businesses, to leverage on the growing demand for home retrofitting and fitting out services from our existing customers, particularly those from our home painting business, our Company intends to establish a one-stop solution for our customers by establishing a private home renovation arm. This new business will primarily provide retrofitting services to customers living in landed properties to cater to the various maintenance and property enhancement needs to their houses. As we plan to tap on the existing resources of our home painting division to venture into this new business, we expect the increase in our Group's operational overheads arising from this new business to be minimal.

We intend to utilise approximately $2.5 million of our net proceeds from the Placement towards acquisitions, joint ventures and/or strategic alliances, as well as the development of new businesses.

Increasing our offerings in R&R and A&A services in Singapore to other public and non-public sector projects

We currently provide R&R and A&A services to customers in various market sectors, with public housing sector forming the bulk of our business. We intend to leverage on our existing position in the existing market segments and expand our business portfolio to include projects from other public sector, such as education institutions and army camps, and non-public sector, such as MCST, industrial and commercial projects. With our established track record, we believe that we are well-positioned to secure large-scale projects in both the public and private sectors. We recognise the importance of maintaining a good customer base and good working relationships with our customers. As such, we intend to rely on our established track record to secure new projects with town councils, government bodies, statutory boards, property owners and developers, main contractors as well as referrals for new businesses.

We also intend to enhance our services and carve a niche for ourselves in differentiating ourselves from our competitors by leveraging on our ability to provide green solutions and recommend suitable green products. Given our experience in executing R&R and A&A projects, we believe that we are poised to meet the increasing demand for retrofitting existing buildings to meet BCA's Green Mark requirements. This will enable us to be a solutions provider rather than a mere service provider. Our aspiration is to be our customers' "preferred partner" so that we will have a competitive advantage over our competitors in order to secure projects at competitive prices rather than at the lowest price.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to enhancing the well-being of the community and maintaining a sustainable environment in locations that we operate. We do not have a fixed corporate social responsibility policy, however, we monitor closely the impact of our activities on the environment, consumers, employees, communities, stakeholders and other members of the public actively and we are constantly searching for means to continue contributing to the community. Some of the community development projects participated by our Group in the past include making donations to events organised by residents' committees and community clubs and sponsoring a project undertaken by students from Ngee Ann Polytechnic.

In addition, it is our Group's corporate mission to advocate Singapore's vision for eco-friendly buildings. Our Group practices green procurement with a codified green procurement policy for our Group and strongly advocates the use of eco-friendly designs and products when rendering our R&R and A&A services. Our Company actively engages in strategic partnerships and collaborations to roll out sustainable eco-friendly products and solutions. Please refer to the "Business Overview – Our Green Solutions" section of this Offer Document for more details on our green initiatives.

We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations and the relevant bodies in Singapore. Details of these laws and regulations are set out below:–

Contractors Registry

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Currently, companies which carry on business activities in the construction industry are not required to register with the BCA. However, registration in the Contractors Registry maintained by the BCA is a pre-requisite to tendering for projects in the public sector. Presently, there are seven major categories of registration, some of which are further sub-classified into seven grades, depending on the category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, amongst others, the value of previously completed projects, personnel resources, and consistent and continuous good performance record. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital. The subsidiaries of our Group currently registered with the BCA are set out in the "Licences, Permits and Approvals" section of this Offer Document.

The scope of work that the respective subsidiaries may carry out under each category is as follows:

- under the General Building (CW01) Category, all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes multi-storey carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. Scope of work includes A&A works on buildings involving structural changes and installation of roofs;

- under the Interior Decoration and Finishing Works (CR06) Category, interior design, planning and the decoration of buildings. This includes ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling;

- under the Repairs and Redecoration (CR09) Category, repainting and minor non-structural repair of buildings and existing structures; and

- under the Waterproofing Installation (CR13) Category, waterproofing of basements, roofs and walls.

Generally, property upgrading and A&A work projects will fall under CW01 while R&R works will fall under CR09. Waterproofing installation work will be classified under CR13.

To maintain the existing BCA grading for our Group's subsidiaries, there are certain requirements to be complied with. For example, to maintain Raymond Construction's existing B1 grading, there are certain requirements to be complied with, including but not limited to the following:

(i) a minimum paid-up capital and minimum net worth of $3.0 million;

(ii) at least six employees with professional or technical qualifications recognised by BCA, of which at least two are to be professionals with qualifications ("RP") from universities recognised by the Professional Engineers Board (PEB), Board of Architects (BOA) or BCA.

At least one employee possessing such professional or technical qualifications must have obtained a Certificate Course in Construction Productivity Management conducted by the BCA Academy by 31 December 2012;

(iii) ISO 14000 certification by 1 July 2013;

(iv) a Singapore Accreditation Council credited ISO9001:2008;

(v) an Occupational Health Safety Assessment Series 18000/SS506 Part 1;

(vi) a track record of $30.0 million (contract value of awarded projects) of which $15.0 million comes from main contracts and a $7.5 million single project;

(vii) General Builder Licence Class 1 (GB1); and

(viii) annual submission of financial accounts and certified Value Added Productivity calculation.

Workplace and Health Safety Measures

Under the MOM's Workplace Safety and Health Act (Chapter 354A) ("WSHA"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

From 1 September 2011, the WSHA has been revised to include amongst others:

(a) Imposing duties on the employer, to ensure that the employer has the necessary expertise for the work that he is engaged for; and implemented adequate safety and health measures;

(b) Creating a new offence for persons at work who did a negligent act without reasonable cause; and

(c) Broadening the definition of an occupational disease to include any disease directly attributable to any exposure to any chemical or biological agent.

Workplace Safety and Health (General Provisions) Regulations ("WSHR")

More specific duties imposed by the MOM on employers are laid out in WHSR. Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner ("Authorised Examiner") who is authorised by the Commissioner for Workplace Safety and Health ("CWSH"), before they can be used in a factory and thereafter, at specified intervals:

– hoist or lift;

– lifting gears; and

– lifting appliances and lifting machines.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment/occupier of the factory to ensure that the equipment complies with the provisions of the WSHR and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, amongst others, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or testing, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels to persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a debarment scheme for contractors with bad safety standard. The purpose of the debarment scheme is to improve the safety situation in the construction industry. The purpose of such scheme is to encourage construction contractors with poor safety and health standards to improve their performance and to improve the safety and health situation in the construction industry. Under this scheme, contractors will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. The number of demerit points issued will depend on the severity of the infringement. A contractor that has received more than 18 demerit points within a 12-month period will receive a formal warning letter from MOM, while the continued accumulation of demerit points will result in more stringent corrective actions. For example, if a worksite of a main contractor accumulates more than 18 demerit points, the worksite will have no access to work permit holders from the PRC and the NTS, who include those from Bangladesh and Thailand, for six months. If the main contractor does not make improvements and continues to commit workplace safety and health offences, applications from the company for new and renewal of all types of work passes for all foreign employees will be rejected by MOM. The application of the demerit point scheme to main contractors is detailed as follows:

First Stage: A warning letter will be issued to the main contractor if the total points accumulated by the company exceed 18 demerit points within a 12-month rolling period.

Second Stage: The following will apply to an individual worksite if the total points accumulated by the worksite exceed 18 demerit points:

- Six-month MYE freeze for first occurrence;
- 12-month MYE freeze for second occurrence (within 12 months of the first occurrence); and
- 24-month MYE freeze for third or subsequent occurrences (within 12 months of the previous occurrence).

A main contractor will have its records cleared when all its worksites do not accumulate any demerit points for a rolling period of 12 months.

Post Second Stage: A 24-month MYE freeze will be extended to all worksites under the company if three of its worksites have each accumulated more than 18 demerit points within any 12-month period i.e. the company's MYE has been frozen three times within a year.

Applications from the company for new and renewal of all types of work passes for all foreign employees will also be rejected.

Workplace Safety and Health (Construction) Regulations 2007 ("WSHCR")

We are also subject to WSHCR. Under WSHCR, every occupier of a worksite shall implement and maintain at all times a safety and health management system for the purpose of ensuring the safety and protecting the health of every person within the worksite, whether or not the person is at work or is an employee of the occupier. A workplace safety and health co-ordinator shall be appointed by the occupier in respect of every worksite where the contract sum of the building operation or works of engineering construction carried out therein is less than $10 million. Any occupier of a worksite who contravenes this shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 and, in the case of continuing offence, to a further fine not exceeding $1,000 for every day or part thereof during which the offence continues after conviction. The workplace safety and health co-ordinator's duty, in respect of a worksite, is to:

(a) assist the occupier of the worksite to identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite;

(b) recommend to the occupier of the worksite to implement such reasonably practicable measures to remedy the unsafe condition or unsafe work practice; and

(c) assist the occupier of the worksite to implement such reasonably practicable measures referred to in sub-paragraph (b) above.

Any workplace safety and health co-ordinator who, without reasonable excuse, contravenes anything in sub-paragraphs (a) to (c) above shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $1,000 and, in the case of a second and subsequent offence, to a further fine not exceeding $5,000.

Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is $30 million or more, it shall be the duty of the occupier of the worksite to appoint a workplace safety and health auditor to audit the safety and health management system of the worksite at least once every six months. Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is less than $30 million, it shall be the duty of the occupier of the worksite to (a) conduct a review of the safety and health management system of the worksite at least once every six months; and (b) if directed by the CWSH, appoint a workplace safety and health auditor to audit the safety and health management system of the worksite.

Workplace Safety and Health (Registration of Factories) Regulations 2008 ("WSH Factories Regulations")

Any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or worksite) as a "factory" with the Commissioner for Workplace Safety and Health ("CWSH") pursuant to the WSH Factories Regulations. The application to register the premise as a factory must be made at least one month before the factory starts operation.

A one-time factory registration scheme applies to construction sites. Construction sites registering as new factories are required to: (i) declare that they have implemented risk management at the point of registration, and (ii) complete a safety and health management system ("SHMS") audit within two months from the commencement of work. An SHMS audit must be conducted and submitted to the MOM within two months of the issuance of the certificate of registration ("CR"), failing which the CR may be revoked. The CRs for construction sites which are already registered as factories and expire on or after 28 February 2010 will remain valid throughout the lifetime of the factory unless the CR is revoked.

An SHMS audit must be conducted by approved workplace safety and health auditors in accordance with MOM guidelines at least once every six months for any worksite with a contract sum of $30 million or more. An internal review at least once every six months would suffice for any worksite with a contract sum of less than $30 million.

Environmental laws and regulations

The Environmental Public Health Act (Chapter 95) ("EPHA") requires, amongst others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, amongst others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and/or its statutory board, the NEA, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, amongst others, the EPHA.

The Environmental Protection and Management Act (Chapter 94A) seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, amongst others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such Regulations. Further, the owner or occupier of any construction sites located less than 150 metres from any hospital, home for the aged sick or residential building is prohibited from carrying out construction work at his construction site during certain days and time specified in such Regulations.

The Control of Vectors & Pesticides Act (Chapter 59) of Singapore ("CVPA") consolidates and amends the law relating to the destruction of vectors and the control of vector-borne diseases. The CVPA provides for the control of the sale and use of pesticides and vector repellents, and also provides for the registration, licensing and certification of persons engaged in vector control work and related matters.

Building Control Act and Building Control (Environmental Sustainability) Regulations

As Singapore aspires to be a leading global city in environmental sustainability, among other initiatives, BCA has enhanced the Building Control Act and put in place the Building Control (Environmental Sustainability) Regulations ("BCESR"), to require a minimum environmental sustainability standard that is equivalent to the Green Mark Certified Level for new buildings and existing ones that undergo major retrofitting.

The BCESR applies to:

(i) all new building works with GFA of 2,000 sq m or more;

(ii) additions or extensions to existing buildings which involve increasing GFA of the existing buildings by 2,000 sq m or more; and

(iii) building works which involve major retrofitting to existing buildings with existing GFA of 2,000 sq m or more.

The developer or building owner shall engage a qualified person ("QP") and other appropriate practitioners to ensure that the building works are designed with physical feature or amenities, and may be carried out using methods and materials to meet the minimum sustainability standard stipulated in the BCESR.

The QP who submits the building plan will take overall responsibility for ensuring that the minimum environmental sustainability standard is met. The QP together with the other practitioners (which include PE (Mechanical) and PE (Electrical)) shall be responsible for assessing and scoring the building works under their charge.

Further to the Building Control (Amendment) Bill 2012, from the second half of 2013, building owners will have to fulfil three requirements under the Building Control Act:

- Achieve minimum BCA's Green Mark standard for existing buildings when a cooling system is installed or retrofitted;
- Carry out three-yearly energy audit on building cooling systems; and
- Submit building information and energy consumption data annually.

Accordingly, in the event our Group undertakes any construction, retrofitting, addition or alteration projects which fall within the scope of the BCESR and Building Control Act (Chapter 29), we will be required to conform to the minimum environmental sustainability standards set out in the BCESR and Building Control Act (Chapter 29).

Approval and execution of plans of building works

Under the Building Control Act (Chapter 29), no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control ("CBC") and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. Before an application to the CBC for the approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("Qualified Person") to prepare the said plans in accordance with the Building Control Regulations 2003, and to supervise the building works. The carrying out of structural elements and concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him. Under the Building Control Act, a builder undertaking any building works shall, amongst others, (i) ensure that the building works are carried out in accordance with the plans of the building works supplied to it by the Qualified Person and with any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003, (ii) notify the CBC of any contravention of the provisions of the Building Control Act or the building regulations in connection with those building works and (iii) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

If the CBC is of the opinion that any building works, other than structural works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, amongst others, design and construction and the installation of exterior features. For example, (i) no person shall, without the permission of the CBC, install any lift in any building; and (ii) in installing an air-conditioning unit on the exterior of any building or which projects outwards from any building, a trained air-conditioning unit installer would have to be engaged to carry out the installation works relating to the air-conditioning unit.

Under the Fire Safety Act (Chapter 109A), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence ("**CCD**") for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

Where, in the opinion of the CCD, any fire safety works are carried out or have been carried out in contravention of the Fire Code, the Fire Safety Act or any regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn, (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Code, Fire Safety Act or any regulations made thereunder, or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or caused to be stored or kept, any petroleum or flammable material except, amongst others, under the authority of and in accordance with the provisions of a licence from the CCD and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2005.

Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract for Construction Works ("PSSCOC") was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, amongst others, the general obligations of the contractor, programme for the works, quality in construction, commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

Licensing of Builders

The Building Control Act (Chapter 29), and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. Licensing requirements will apply to builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution. The requirements apply to both public and private construction projects.

There are two types of licences: the General Builder licence and the Specialist Builder licence. Under the General Builder licence, there are two classes: (i) Class 1 General Builder licence, which will allow the builder to undertake general building works of unlimited value, and (ii) Class 2 General Builder licence, which will allow the builder to undertake general building works of contract value of $6 million or less.

Licensed Class 1 general builders are required, from 16 June 2009, to deploy a minimum number of Construction Registration of Tradesmen ("CoreTrade") personnel in their projects which have values of $20 million or more. The CoreTrade is a registration scheme administered by the BCA for skilled and experienced construction personnel in the various key construction trades. The objective of CoreTrade is to build up a core group of local and experienced foreign workers in key construction trades to anchor and lead the workforce. In civil engineering works, the deployment requirements for this class of projects only involve construction foremen in structural trades and tradesmen in construction plant operation.

If a builder does not hold a valid general or specialist builder's licence, he is not authorised to carry out general building works or specialist building works, respectively. A builder will be committing a criminal offence and liable on conviction to an imposition of a fine or imprisonment or to both if he carries out such works without a valid licence.

The CBC may by order revoke the builder licence upon the occurrence of certain events as set out in the Building Control Act, including, among others, (i) the cessation of the business of the licensed builder as a general builder or specialist builder, as the case may be, in Singapore, (ii) the licensed builder has been declared bankrupt or has gone into compulsory or voluntary liquidation other than for the purpose of amalgamation or reconstruction, or (iii) the licensed builder has been convicted of an offence under the Building Control Act. In other cases whether the CBC is of the opinion that there is no cause of sufficient gravity for revocation of the builder licence, the CBC may by order suspend the licence, impose a financial penalty on the licensed builder, censure the builder concerned or impose such other direction or restriction as the CBC considers appropriate on the builder's business as a general builder or specialist builder, as the case may be.

Our Company is currently licensed with the BCA under the following category:

Issuing Body	Name of Certification	Expiry Date
BCA	General Builder (GB1)	16 June 2015

The scope of work that our Company may carry out with the above Class 1 General Builder licence includes general building works and minor specialist building works being (i) all specialist building works associated with minor building works, (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three metres, a clear span of less than six metres and a plan area not exceeding 150 sq m and (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) (the "EFMA") and regulated by the MOM. In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work permit from the MOM, which allows the foreign worker to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

(a) be liable on conviction to a fine not exceeding $15,000 or to imprisonment for a term not exceeding 12 months or to both; and

(b) on a second or subsequent conviction:

  (i) in the case of an individual, be punished with imprisonment for a term of not less than one month and not more than 12 months and also be liable to a fine not exceeding $15,000; and

  (ii) in the case of a body corporate, be punished with a fine not exceeding $30,000.

Where a court has convicted a person for the contravention of Section 5(1) of the EFMA, the court shall, in addition to imposing on that person any other punishment, order the payment by him of a sum which is equal to the levy which would have been payable if any work pass had been issued for the period during which any foreign employee was employed by the person in contravention of subsection (1), and any such payment ordered shall be recoverable as a fine.

The availability of the foreign workers to the construction industry is also regulated by the MOM through the following policy instruments:

(a) approved source countries;

(b) issuance of work permits;

(c) the imposition of security bonds and levies;

(d) dependency ceilings based on the ratio of local to foreign workers; and

(e) quotas based on MYE in respect of workers from Non-Traditional Sources ("NTS") and the PRC.

Approved Source Countries

The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources ("NAS"). NTS include countries such as India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS countries include Hong Kong, Macau, South Korea and Taiwan.

Construction companies must have Prior Approval ("PA") from the MOM to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their work permits renewed, or who can be transferred from another company in Singapore. PAs are given based on: (i) the duration of the work permits applied for; (ii) the number of full-time local workers employed by the company over the past three months as reflected in the company's CPF contribution statements; (iii) the number of man-years allocated to the company (for main contractors) or the man-years directly allocated from the company's main contractor (for sub-contractors); and (iv) the remaining number of company's quota available.

The MOM requires all new workers in the construction sector from NTS countries and the PRC recruited under the PA scheme to possess either the Skills Evaluation Certificate ("SEC") or the Skills Evaluation Certificate (Knowledge) ("SEC(K)") before they are allowed to work in Singapore. The SEC and SEC(K) schemes are initiated by the BCA to raise the skill levels of the construction workforce, thus improving productivity and enhancing safety in the construction sector. All workers from NAS countries must possess either the SEC or SEC(K) and all Malaysian workers must possess either Secondary Four education or its equivalent, the SEC or the SEC(K) before they are allowed to work in Singapore.

From 1 January 2012, MOM has revised the maximum period of employment for NTS and PRC construction workers. Basic skilled workers would be allowed to work up to a maximum of six years, while higher skilled workers would be allowed to work up to 18 years. As a transitional measure for existing basic skilled workers, MOM will grant an extension to the period of employment of all affected workers. Generally, employers will have at least two years to upgrade their workers from basic skilled to higher skilled. NAS and Malaysian workers may work in Singapore up to 60 years of age.

In addition, for each individual's work permit, In-Principle Approvals ("IPAs") have to be sought for each individual's work permit. The foreign construction worker is required to undergo a medical examination by a registered Singapore doctor and must pass such medical examination before a work permit can be issued to him.

All foreign workers in the construction sector must attend the Construction Safety Orientation Course ("CSOC"), a full-day course conducted by various training centres accredited by MOM's Occupational Safety & Health Division and obtain a valid CSOC Pass. The CSOC aims to (i) ensure that construction workers are familiar with common safety requirements and health hazards in the industry, (ii) educate them on the required measures to safeguard themselves against accidents and diseases and (iii) ensure that they are aware of their rights and responsibilities under employment law. Employers must ensure that the foreign workers take the course within two weeks of their arrival in Singapore before their work permits can be issued. For foreign workers who have failed the CSOC, the employer must re-register them for the CSOC as soon as possible. Employers who fail to ensure that their workers take and pass the CSOC will be barred from applying for any new work permits for three months, while the affected workers will have their work permits revoked.

Security bonds and levies

For each NAS, NTS or PRC construction worker whom our Group has successfully obtained a work permit, a security bond of $5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes.

The employment of foreign workers is also subject to the payment of levies.

As at the date of this Offer Document, a levy of $350 will apply to basic skilled workers (including workers who possess the SEC or SEC(K)), and a levy of $250 will apply to higher skilled workers who are registered under the CoreTrade Scheme or issued with trade certifications recognised by the BCA with at least four years of construction experience in Singapore. For foreign workers with at least two years' working experience in the construction sector and who are exempt from MYE requirements, a levy of $500 will apply.

By July 2013, the foreign workers' levies per month will be $450 for each unskilled foreign worker, $300 for each skilled foreign worker requiring MYEs and $600 for foreign workers exempted from MYEs. Further to the Singapore government's Budget 2012, a higher foreign workers' levies of $650 will be introduced for basic skilled work permit holders exempted from MYEs from 1 January 2013 and this will be raised to $750 in July 2013. The Singapore government had also announced in Budget 2013 that with effect from 1 July 2014 and 1 July 2015, there would be progressive increases in foreign workers' levies for work permits and S-Pass holders for all sectors.

Dependency ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers.

MYE

The MYE allocation system is a work permit allocation system pertaining to the employment of construction workers from NTS and the PRC. MYEs represent the total number of foreign workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. NTS or PRC construction workers who have worked with any employer for a cumulative period of two or more years in the construction industry, may be hired by main contractors without the need for MYE.

At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least $500,000. To employ NTS and PRC construction workers, the employer must make an application for MYE, PAs and IPAs for individual work permits. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYE. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor's MYE will expire on the completion date of the relevant project.

Based on the Singapore government's Budget 2010, the MOM has announced that there will be a reduction in MYE by 25.0% over three years for the construction sector. In the Budget 2011, a further 15.0% cut in the MYE quota for new projects in July 2013 was also announced. In the Budget 2012, the MYE quota for new projects in the construction sector will be further reduced by 5.0% in July 2012.

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set by various government agencies, including NEA, PUB, Singapore Civil Defence Force and BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely Urban Redevelopment Authority, Singapore Land Authority, Jurong Town Corporation, HDB and Agri-Food and Veterinary Authority of Singapore.

Other conditions of work permits which employers of foreign construction workers are also required to comply with include:

- ensuring that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person;
- providing a safe working environment and acceptable accommodation for their foreign workers;
- insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and
- purchasing and maintaining medical insurance with coverage of at least $5,000 per twelve month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than twelve months) for the foreign worker's inpatient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act (Chapter 91), the Employment of Foreign Manpower Act (Chapter 91A), the Immigration Act (Chapter 133) and the Immigration Regulations.

Work Injury Compensation

The Work Injury Compensation Act (Chapter 354) ("WICA"), which is regulated by the MOM, applies to workmen in all industries in respect of injury suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

The WICA provides, amongst others, that, where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

The Workmen's Compensation (Amendment) Bill of 2008 amended the WICA and, amongst others, extended its coverage and revised compensation norms.

Building and Construction Industry Security of Payment Act

Prior to the introduction of the Building and Construction Industry Security of Payment Act (Chapter 30B) ("BCISPA"), a construction contract between a main contractor and a sub-contractor would typically contain a "pay when paid" provision. Such provision would provide that the liability of the main contractor to pay money owing to the sub-contractor is contingent or conditional on payment to the main contractor by a third party of the whole or part of that money, or make the due date for payment of money owing by the main contractor to the sub-contractor contingent or conditional on the date on which payment of the whole or any part of that money is made to the main contractor by the third party. With the introduction of the BCISPA by the Ministry of National Development, such "pay when paid" provisions in construction or supply contracts are now rendered unenforceable and have no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISPA, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISPA, amongst others, endorses the following rights:

(i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

(ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgment debt, if such claimant is not paid after it obtains judgment against the respondent pursuant to an adjudication; and

(iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

Our Directors confirm that as at the date of this Offer Document, our Group has obtained all necessary approvals and complied with the relevant laws and regulations that would materially affect its business operations.

EXCHANGE CONTROLS

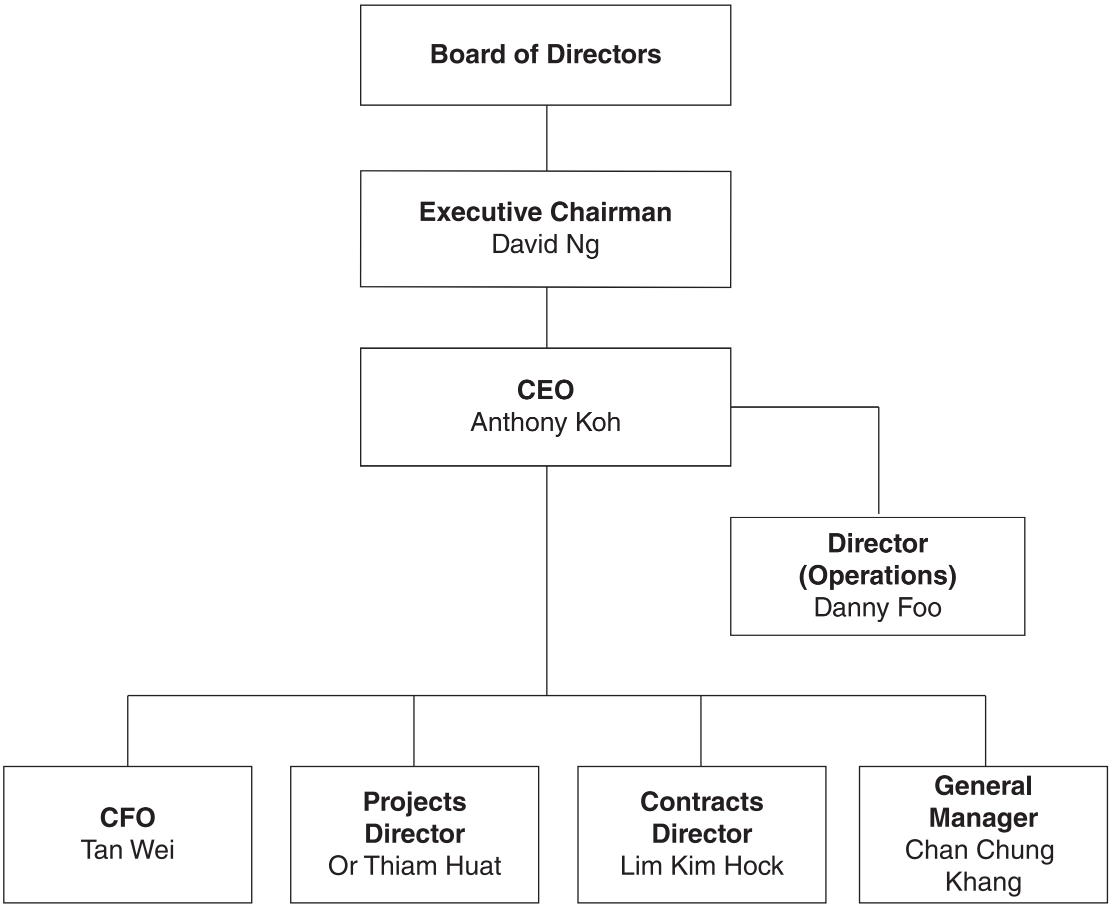
Currently there are no Singapore governmental laws, decrees, regulations and other legislation that may affect the following:–

(a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and

(b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:–



DIRECTORS, EXECUTIVE OFFICERS AND STAFF

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the date of this Offer Document are set out below:–

Name	Age	Address	Current Occupation
David Ng	53	202 Tampines Street 21 #07-1243 Singapore 520202	Executive Chairman
Anthony Koh	46	30 West Coast Road #03-20 Varsity Park Condominium Singapore 127450	CEO
Danny Foo	48	78 Tanah Merah Kechil Avenue #11-02 Singapore 465538	Director (Operations)
Tan Eng Ann	45	651 Jalan Tenaga #08-08 Singapore 410651	Executive director and CFO of R H Energy Ltd.
Soh Chun Bin	39	7 Thomson Lane #38-05 Sky@Eleven Singapore 297725	CEO of Cedar Strategic Holdings Ltd
Ng Kheng Choo	38	c/o No. 57 Kaki Bukit Place Eunos Techpark Singapore 416231	General manager of Investment (Singapore) of Sichuan Chuan Wei Group Co., Ltd

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors is set out below:–

David Ng is our Executive Chairman and one of the founders of our Group. He is responsible for the leadership of our Board. He supports our CEO in the implementation of the corporate and strategic development of our Group. As our Executive Chairman, he maintains access and provides support and advice to our senior management, but his duties generally do not overlap with our CEO's responsibilities. David Ng has been in the building maintenance and estate upgrading industry for more than 30 years. Prior to founding our Group in 1998, he was a director of ISO-Build Corporation Pte Ltd managing the safety and equipment aspect. From 1989 to 1994, he was a safety and equipment manager at D&C Builders Pte Ltd, where he was in charge of managing all machinery and the safety procedures and protocols of the company. From 1988 to 1989, he was the project executive of Safewell Equipment Pte Ltd where he was managing the suspended scaffold rental business. Between 1981 and 1988, he was with Selat Chemicals Pte Ltd as a suspended scaffold technician where he was responsible for the repair and maintenance of site equipment. David Ng was awarded a Certificate in Construction Supervision by the Construction Industry Development Board of Singapore in 1994.

Anthony Koh is our CEO, Executive Director and founder. He is responsible for the formulation and implementation of our Group's expansion plans, and the overall corporate and strategic development of our Group. In addition, he oversees our Group's marketing and tendering strategies, budget and cost control, and resource planning and allocation. Anthony Koh has more than 25 years of experience in the building maintenance and estate upgrading industry. Prior to founding our Group in 1998, he was a director of ISO-Build Corporation Pte Ltd managing the projects and contracts, as well as, controlling the budget and costs of the company. Between 1989 and 1994, he was with D&C Builders Pte Ltd where he started out as a site supervisor, was promoted to project coordinator and finally to project manager, where he managed projects, suppliers and sub-contractors. From 1988 to 1989, he was the site supervisor for Hongplast General Contractor Pte Ltd where he was in charge of supervising workers and coordinating sub-contractors. Anthony Koh holds a Diploma in Building awarded by Singapore Polytechnic in 1988 and a Diploma in Marketing Management awarded by Ngee Ann Polytechnic in 1994.

Danny Foo is our Director (Operations) and Head of Compliance. He is responsible for matters concerning compliance with workplace and on-site safety rules and regulations for projects undertaken by our Group. Besides being in charge of manpower planning and procurement of machinery and equipment, he is also in charge of quality assurance and the compliance of our Group with the ISO 9001:2008, ISO 14001:2004 and OHSAS18001:2007 standards. In addition, he oversees the development of the concreting and roofing teams of our Group. Danny Foo has more than 20 years of experience in the building maintenance and estate upgrading industry and is a founder of our Group. Prior to founding our Group in 1998, he was a director of ISO-Build Corporation Pte Ltd managing project site work. From 1990 to 1994, he was with D&C Builders Pte Ltd where he started out as a site supervisor, was promoted to project coordinator and finally to project manager, where he managed site work and coordinated suppliers and sub-contractors. Danny Foo holds a Diploma in Building awarded by Singapore Polytechnic in 1988.

Tan Eng Ann is our Independent Director and was appointed to our Board on 7 June 2013. He is currently an executive director and the CFO of R H Energy Ltd. which he joined in 2006. He has over 18 years of experience in the financial field, having held managerial positions with Yamaichi Merchant Bank, AIB Govett (Asia) Ltd and Standard Chartered Bank from 1994 to 2002. In 2002, Tan Eng Ann joined Technics Oil & Gas Limited as the group financial controller and was subsequently promoted to finance director in 2004, where he was responsible for finance and corporate development. From 2005 to 2006, he was the CFO of Beijing Concept Holdings Pte Ltd where he headed the finance department. Tan Eng Ann is a qualified Chartered Financial Analyst of the Association for Investment Management and Research and a fellow member of the Institute of Singapore Chartered Accountants. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University.

Soh Chun Bin is our Independent Director and was appointed to our Board on 7 June 2013. He is currently the CEO of Cedar Strategic Holdings Ltd, joining the company in July 2012. Soh Chun Bin had been a qualified lawyer specialising in capital markets and mergers and acquisitions for more than 12 years. Prior to his current appointment, he was an equity partner in the equity capital markets department of Stamford Law Corporation. He had been one of the early pioneering lawyers at Stamford Law Corporation at its inception in the early 2000s. He has advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, including secondary equity and debt fund raising by such entities. He has also advised on many cross-border transactions and has a broad network spanning countries such as China and Indonesia. Soh Chun Bin has been recognised as a leading lawyer by legal publications such as Chambers and Partners and AsiaLaw. He also sits on the boards of listed companies. He was a former scholar with a global multinational corporation, and has a Bachelor of Laws (Honours) from the National University of Singapore.

Ng Kheng Choo is our Independent Director and was appointed to our Board on 7 June 2013. She has more than 16 years of experience in investment, finance and accounting fields. She founded VIT Consultancy Private Limited that provides advisory services on mergers and acquisitions and accounting matters. She also represents Sichuan Chuan Wei Group Co., Ltd ("Chuan Wei"), a company incorporated in the People's Republic of China with related businesses in real estate development, mining of mineral resources, cement, manufacturing of vanadium and steel products and logistics as its general manager of investment (Singapore) since 2012. She was also in charge of the investor relations efforts for Hong Kong listed China Vanadium Titano-Magnetite Mining Company Limited, a related corporation of Chuan Wei for the year 2012 to March 2013. Prior to this, Ng Kheng Choo was the CFO of SGX-ST Main Board-listed Sapphire Corporation Limited where she joined in 2007 to manage the finance and accounting functions and partake actively in the mergers and acquisition activities. From 2004 to 2006, she was a financial controller with Unigold International Pte Ltd. She started her career with Deloitte & Touche and held the position of audit manager when she left in 2003. Ng Kheng Choo holds a Bachelor of Accountancy from Nanyang Technology University and is a member of the Institute of Singapore Chartered Accountants.

Tan Eng Ann and Soh Chun Bin have prior experience as directors of public listed companies in Singapore. David Ng, Anthony Koh, Danny Foo and Ng Kheng Choo do not have prior experience as directors of public listed companies in Singapore but have received relevant training to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST.

None of our Directors has any family relationship with another Director or with any Executive Officer or Substantial Shareholder of our Company.

There was no agreement or arrangement with our Substantial Shareholders, customers or suppliers pursuant to which we will appoint any of them or any person nominated by any of them as our Director.

None of our Independent Directors sits on the board of any of our subsidiaries. The list of present and past directorships of each Director over the last five years preceding the date of this Offer Document excluding those held in our Company, is set out below:–

Name	**Present Directorships**	**Past Directorships**
David Ng	*Group corporations*	*Group corporations*
	ISO-Team Corporation	Nil
	Raymond Construction	
	TMS Alliances	
	Other corporations	*Other corporations*
	ADD Group	Green Pest Management Pte. Ltd.
	ADD Investment	IPE Engineering Pte. Ltd.
	ISO-Team Lifestyles Pte. Ltd.	ISO-Team Corporation Sdn. Bhd.
	Pycis Contracts & Marketing Pte. Ltd.	ISOMIX Sdn Bhd
		McGlenz Building Systems Pte Ltd

Name	Present Directorships	Past Directorships
Anthony Koh	*Group corporations*	*Group corporations*
	ISO-Team Corporation	Nil
	ITG-Green	
	Raymond Construction	
	TMS Alliances	
	Other corporations	*Other corporations*
	ADD Group	Haruna International Sdn Bhd
	ADD Investment	Haruna Paints (M) Sdn Bhd
	AP Cement Products Sdn Bhd(1)	ISOMIX Sdn Bhd
	ISO-Seal Engineering Pte Ltd	
	ISO-Team Corporation Sdn. Bhd.	
	ISO-Team Lifestyles Pte. Ltd.	
Danny Foo	*Group corporations*	*Group corporations*
	ISO-Seal Waterproofing	Nil
	ISO-Team Corporation	
	ITG-Green	
	Raymond Construction	
	TMS Alliances	
	Other corporations	*Other corporations*
	ADD Group	CFB-Team Pte. Ltd.
	ADD Investment	Green Pest Management Pte. Ltd.
	Golden Mile Thien Kee Pte. Ltd.	ISO-Team Corporation Sdn. Bhd.
	ISO-Seal Engineering Pte Ltd	ISOMIX Sdn Bhd
	ISO-Team Lifestyles Pte. Ltd.	
	Pycis Contracts & Marketing Pte. Ltd.	
Tan Eng Ann	*Group corporations*	*Group corporations*
	Nil	Nil
	Other corporations	*Other corporations*
	Amersun Energy Pte. Ltd.	Amersun Coating Pte. Ltd.
	Greenzone Energy Pte. Ltd.	Natural Best Limited
	Hiap Tong Corporation Ltd.	QTC Technologies Pte. Ltd.
	R H Energy (HK) Limited	
	R H Energy Ltd.	
	Ruihua Petrochemical Co., Ltd	
	Zoneda Energy Ltd.	
Soh Chun Bin	*Group corporations*	*Group corporations*
	Nil	Nil

Name	Present Directorships	Past Directorships
	Other corporations 7Five Capital Pte. Ltd. Geo Energy Resources Limited Triyards Holdings Limited West Themes Pte Ltd Yess Le Green Pte. Ltd.	*Other corporations* Asia Fashion Holdings Limited Asia Paper Group Ltd. Sino Organic Food Holding Pte. Ltd. Stamford Corporate Services Pte. Ltd.
Ng Kheng Choo	*Group corporations* Nil	*Group corporations* Nil
	Other corporations VIT Consultancy Private Limited	*Other corporations* Nil

Note:

(1) In the process of being struck off.

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:–

Name	Age	Address	Current Occupation
Or Thiam Huat	43	69 Choa Chu Kang Loop #08-10 Northvale Singapore 689672	Projects Director
Lim Kim Hock	51	130 Hillview Avenue #03-03 Singapore 669596	Contracts Director
Chan Chung Khang	34	Blk 667D Jurong West Street 65 #08-125 Singapore 644667	General Manager
Tan Wei	37	Blk 659 Woodlands Ring Road #11-174 Singapore 730659	CFO

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:–

Or Thiam Huat is our Projects Director since 1999. He is responsible for the planning and execution of our Group's projects. In addition, he oversees project cost control and training of site personnel. Or Thiam Huat has more than 20 years of experience in the building maintenance and estate upgrading industry and has been responsible for the planning and execution of some of our Group's biggest projects such as the Neighbourhood Renewal Programme project at Yishun Avenue 6 and Avenue 11 and Yishun Ring Road in Nee Soon East Division. Prior to joining our Group, from 1995 to 1997, he was the project coordinator of ISO-Build Corporation Pte Ltd where he managed projects. Between 1993 and 1995, he was a site coordinator at D&C Builders Pte Ltd where he was responsible for managing projects, suppliers and sub-contractors. From 1992 to

1993, he was with Ng Hai Liong Construction Pte Ltd as a site supervisor where he was supervising workers and coordinating sub-contractors. Or Thiam Huat holds a Diploma in Civil Engineering awarded by Singapore Polytechnic in 1990.

Lim Kim Hock is our Contracts Director since 2005. He is responsible for contract administration, project tenders and procurement for our Group. He also oversees our Group's staff training and development. Prior to joining our Group in 2001, he was the quantity surveyor cum project manager of EAC Corporation Pte Ltd from 1994 to 2001, where he was in charge of projects tendering, costs budgeting and supervising projects. Between 1989 and 1994, he was the contracts executive of EM Services Pte Ltd where he was responsible for project management of town council projects. From 1983 to 1989, he was with HDB as a technical officer where he was handling quantity survey and supervision of projects. Lim Kim Hock obtained a Technician Diploma in Building from Singapore Polytechnic in 1981.

Chan Chung Khang is our General Manager since 2012. He is in charge of human resource matters of our Group. In addition, he is responsible for the management and coordination of all operations of our Group including business expansion and diversification, planning and updating all policies of our Group as well as to manage, oversee and monitor all corporate business development execution and delivery, manage all corporate and project insurance, assess and improve company and departmental key performance indicators, ensure the individual departments of our Group meet their deadlines and function at their optimum whilst monitoring and managing our Company's overheads. He is also responsible for the application and management of our Group's government grants. Chan Chung Khang joined us in 2002 as a project supervisor. He graduated from Singapore Polytechnic in 1999 with a Diploma in Building and Property Management and Royal Melbourne Institute of Technology in 2008 with a Bachelor of Business (Economics and Finance) with Distinction.

Tan Wei joined our Group as the Group Financial Controller in January 2012 and was re-designated to CFO in January 2013. He is overall in charge of the financial matters of our Group. Tan Wei has more than 14 years of experience in auditing, accounting and financial consulting. Prior to joining our Group, from 2011 to 2012, he was the director of Pinnacle Ridge Ltd where he was engaged to provide financial consulting and advisory services to local and overseas corporations in various industries. Between 2008 and 2010, he was the project manager of Vineyard Investments Pte Ltd providing financial consulting services. From 2007 to 2008, he was with Baker Tilly TFW as an auditor handling audits for companies seeking initial public offerings in Singapore. He was with Kingsmen Creatives Ltd as an accounts executive from 2005 to 2007 where he assisted in the group's accounting, financial reporting and tax matters. Between 1998 and 2005, he was with various accounting firms in Malaysia and Singapore performing statutory audits for clients in construction, manufacturing and agricultural industries. Tan Wei holds a Bachelor of Commerce (major in accounting and finance) from La Trobe University of Australia. He is a Certified Practising Accountant with CPA Australia and also a member of the Institute of Singapore Chartered Accountants.

None of our Executive Officers has any family relationship with another Executive Officer or with any Director or Substantial Shareholder of our Company.

There was no agreement or arrangement with our Substantial Shareholders, customers or suppliers pursuant to which we will appoint any of them or any person nominated by any of them as our Executive Officer.

The list of present and past directorships of each Executive Officer over the last five years preceding the date of this Offer Document excluding those held in our Company, is set out below:–

Name	Present Directorships	Past Directorships
Or Thiam Huat	*Group corporations* ISO-Team Corporation Raymond Construction	*Group corporations* Nil
	Other corporations ISO-Team Trust Pte. Ltd.	*Other corporations* McGlenz Building Systems Pte Ltd Metal-Team Engineering Pte. Ltd.
Lim Kim Hock	*Group corporations* ISO-Team Corporation	*Group corporations* Nil
	Other corporations ISO-Team Trust Pte. Ltd.	*Other corporations* Nil
Chan Chung Khang	*Group corporations* Nil	*Group corporations* Nil
	Other corporations Nil	*Other corporations* Nil
Tan Wei	*Group corporations* Nil	*Group corporations* Nil
	Other corporations Nil	*Other corporations* Pinnacle Ridge Ltd

STAFF

As at 31 December 2012, we have a workforce of 404 full-time employees. We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees.

None of our employees is unionised. There has not been any incidence of work stoppages or labour disputes that affected our operations. Accordingly, we consider our relationship with our employees to be good.

The number of employees of our Group as at the end of each of the periods under review, segmented by function are as follows:–

	Number of Employees			
	As at 30 June 2010	**As at 30 June 2011**	**As at 30 June 2012**	**As at 31 December 2012**
Function				
Management[(1)]	6	6	7	7
Finance, administration and human resources	9	11	12	13
Contracts	7	9	12	14
Projects Management[(2)]	29	37	47	55
Operations	211	240	276	315
Total	**262**	**303**	**354**	**404**

Notes:–

(1) Executive Directors and Executive Officers are classified under management.

(2) Safety personnel are classified under project management.

The increase in the overall number of employees in our Group is in line with the increase in our overall business activities.

Save for CPF contributions, we have not set aside or accrued any amount to provide for pension, retirement or similar benefits for any of our employees.

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of $250,000[(1)] during FY2011 and FY2012 (being the two most recent completed financial years) and as estimated for FY2013, excluding bonuses under any profit-sharing plan or any other profit-linked agreement(s), are as follows:–

	FY2011	**FY2012**	**FY2013 (estimated)**
Directors			
David Ng	Band A	Band A	Band A
Anthony Koh	Band A	Band A	Band A
Danny Foo	Band A	Band A	Band A
Tan Eng Ann	(2)	(2)	Band A
Soh Chun Bin	(2)	(2)	Band A
Ng Kheng Choo	(2)	(2)	Band A

	FY2011	FY2012	FY2013 (estimated)
Executive Officers			
Or Thiam Huat	Band A	Band A	Band A
Lim Kim Hock	Band A	Band A	Band A
Chan Chung Khang	Band A	Band A	Band A
Tan Wei	Band A	Band A	Band A

Notes:–

(1) Band A: Compensation from $0 to $250,000 per annum.

(2) Not under our appointment as at the relevant period.

Related Employees

As at the Latest Practicable Date, we do not have employees who are related to our Directors, or Substantial Shareholders.

Any employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review. In addition, the remuneration of employees who are related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee.

SERVICE AGREEMENTS

Our Company has entered into separate Service Agreements with our Executive Directors, namely, David Ng, Anthony Koh and Danny Foo. The Service Agreements are valid for an initial period of three years upon the admission of our Company to the Catalist. Upon the expiry of the initial period of three years, the employment of the Executive Directors shall be automatically renewed for a period of two years (and thereafter automatically renewed every two years) on such terms and conditions as the parties may agree. During the initial period of three years, either party may terminate the Service Agreement at any time by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn monthly salary. Our Group may also terminate the employment of any of the Executive Directors at any time without notice or payment in lieu of notice under the following circumstances:–

(i) if the Executive Director is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;

(ii) in the event of any serious or repeated breach or non-observance by the Executive Director of any of the stipulations contained in the Service Agreements;

(iii) if the Executive Director becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;

(iv) if the Executive Director shall become of unsound mind; or

(v) if the Executive Director commits any act of criminal breach of trust or dishonesty.

Pursuant to the terms of the Service Agreements, David Ng, Anthony Koh and Danny Foo are entitled to a monthly salary of $25,000, $29,000 and $17,000 respectively and a monthly transport allowance of $3,000 each. All reasonable travelling, hotel and other expenses incurred by the Executive Directors in connection with our business will also be borne by us. In addition, all reasonable medical expenses of our Executive Directors in accordance with our personnel policy shall be reimbursed by us.

Our Executive Directors are also entitled to receive an annual performance bonus based on the audited PBT of our Group, provided that they are under the employment of our Group on the last day of the relevant financial year. PBT shall in relation to each financial year means our Group's audited consolidated profit before tax (after deducting profit before tax attributable to minority interests and excluding extraordinary items) and before the performance bonus. The amount of performance bonus will be determined as follows:–

		Performance Bonus	
	David Ng	**Anthony Koh**	**Danny Foo**
Where PBT does not exceed $2.0 million	Nil	Nil	Nil
Where PBT is $2.0 million or more but does not exceed or equal to $4.0 million	2.0% of the PBT in excess of $2.0 million	2.0% of the PBT in excess of $2.0 million	2.0% of the PBT in excess of $2.0 million
Where PBT exceeds $4.0 million but does not exceed or equal to $6.0 million	$40,000 plus 2.5% of the PBT in excess of $4.0 million	$40,000 plus 2.5% of the PBT in excess of $4.0 million	$40,000 plus 2.5% of the PBT in excess of $4.0 million
Where PBT exceeds $6.0 million	$90,000 plus 3.0% of the PBT in excess of $6.0 million	$90,000 plus 3.0% of the PBT in excess of $6.0 million	$90,000 plus 3.0% of the PBT in excess of $6.0 million

Under the Service Agreements, the salaries of our Executive Directors are subject to review by the Remuneration Committee after the accounts of our Group for the immediate preceding financial year have been audited. Our Executive Directors shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of their Service Agreements.

Under the Service Agreements, each Executive Director has covenanted not to do business with any person who has done business with us or entice away any of our employees in connection with the carrying on of any business similar to or in competition with our business for 12 months after ceasing to be employed by our Group. Each Executive Director has also covenanted not to carry on any activity or business in competition with us within Singapore or any country in which we have operations or carried on business in, for 12 months after ceasing to be employed under his Service Agreement.

Directors' fees do not form part of the terms of the Service Agreements as these will only be paid out to Directors after the approval of Shareholders at our Company's annual general meeting.

Had the Service Agreements been in existence since the beginning of FY2012, the aggregate remuneration paid to the Executive Directors would have been approximately $1.0 million instead of $0.4 million and our PBT would have been approximately $2.8 million (instead of $3.4 million) and our PAT would have been approximately $2.5 million (instead of $3.0 million).

Save as disclosed, there are no existing or proposed service agreements between our Group and any of our Directors. There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

ISOTEAM PERFORMANCE SHARE PLAN

In October 2010, ADD Group took steps to introduce an employee share plan (the "Pre-listing Share Plan") to award employees who were selected to participate in the Pre-listing Share Plan. On 17 April 2013, the Pre-listing Share Plan was terminated and revoked. Thus, no award of shares has been granted to employees under the Pre-listing Share Plan.

In view of the listing of our Company on Catalist, our Company has adopted a performance share plan, known as the ISOTeam Performance Share Plan, which was approved pursuant to a written resolution passed by our Shareholders on 5 June 2013. The detailed rules of the ISOTeam PSP are set out in Appendix G of this Offer Document. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Rule 2 of Appendix G of this Offer Document.

We recognise that the contributions and continued dedication of our employees are critical to the future growth and development of our Group and have undertaken a review of employee remuneration and benefits to this end. The ISOTeam PSP is a new compensation scheme that promotes higher performance goals, recognises exceptional achievement and retains talents within our Group.

The ISOTeam PSP contemplates the award of fully-paid Shares to Participants after certain pre-determined benchmarks have been met. Although we may, where appropriate, continue to distribute cash bonuses to the employees of our Group, we believe that the ISOTeam PSP will be more effective and rewarding than pure cash bonuses in motivating employees of our Group to work towards pre-determined goals of our Group.

As at the Latest Practicable Date, no Awards have been granted under the ISOTeam PSP.

Objectives of the ISOTeam PSP

The ISOTeam PSP is based on the principle of pay-for-performance and is designed to enable us to reward, retain and motivate employees of our Group to achieve superior performance. The purpose of adopting the ISOTeam PSP is to give us greater flexibility to align the interests of employees of our Group, especially key executives, with the interests of Shareholders.

The objectives of the ISOTeam PSP are to:

(a) provide an opportunity for Participants to participate in the equity of our Company, thereby inculcating a stronger sense of identification with the long-term prosperity of our Group and promoting organisational commitment, dedication and loyalty of Participants towards our Group;

(b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to our Group;

(c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and

(d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of our Group.

Overview of the ISOTeam PSP

The ISOTeam PSP is designed to reward its Participants through the issue of fully-paid Shares according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

Awards granted under the ISOTeam PSP may be time-based or performance-related, and in each instance, shall vest only:–

(a) where the Award is time-based, after the satisfactory completion of time-based service conditions, that is, after the Participant has served our Group for a specified number of years (such Awards being "time-based Awards"); or

(b) where the Award is performance-related, after the Participant achieves a pre-determined performance target (such Awards being "performance-related Awards").

A time-based Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executive officers, whom our Company seeks to attract and retain. A performance-related Award may be granted, for example, with a Performance Condition based on the successful completion of a project or the successful achievement of certain quantifiable Performance Conditions, such as sales growth or productivity enhancement.

Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and EPS. By working towards and achieving their own performance targets, the Participants would also indirectly be assisting our Company in attaining its corporate objectives and strategic business goals.

No minimum vesting periods are prescribed under the ISOTeam PSP for Awards, and the length of the vesting period in respect of each Award will be determined on a case-by-case basis.

Summary of the ISOTeam PSP

The rules of the ISOTeam PSP may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Offer Document. The following is a summary of the rules of the ISOTeam PSP:

Participants

The ISOTeam PSP allows for participation by full-time employees of the Group who have attained the age of 18 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. An Executive Director is only eligible to participate in the ISOTeam PSP if he is not a Substantial Shareholder or an Associate of a Substantial Shareholder.

Non-Executive Directors and Independent Directors will not be eligible to participate in the ISOTeam PSP. Controlling Shareholders and their Associates will also not be eligible to participate in the ISOTeam PSP.

Management of the ISOTeam PSP

The ISOTeam PSP shall be managed by the Awards Committee which has the absolute discretion to determine persons who will be eligible to participate in the ISOTeam PSP. However, in compliance with the requirements of the Catalist Rules, a Participant who is a member of the Awards Committee shall not be involved in any deliberation or decision in respect of Awards (as the case may be) to be granted to or held by that Participant.

The Awards Committee will be responsible for:

(a) determining the terms of grant of Awards (and variation thereof) to Participants; and

(b) the general administration of the ISOTeam PSP such as extension of the duration of the term of the ISOTeam PSP.

However, a Participant who is a member of the Awards Committee shall not be involved in any deliberation or decision in respect of Awards (as the case may be) to be granted to or held by such member.

Size of the ISOTeam PSP

The (a) total number of new Shares which may be issued pursuant to Awards granted on any date; and (b) total number of existing Shares which may be purchased from the market for delivery pursuant to Awards granted under the ISOTeam PSP, when added to the number of new Shares issued and issuable in respect of all Awards granted under the ISOTeam PSP (including any other share schemes to be implemented by our Company), shall not exceed 15.0% of the number of issued Shares (including treasury shares, as defined in the Companies Act) on the day preceding that date of grant of the relevant Awards.

We have made an application to the SGX-ST for permission to deal in and for quotation of the new Shares which may be issued upon the grant of Awards under the ISOTeam PSP. The approval of the SGX-ST is not to be taken as an indication of merits of the ISOTeam PSP, our Group, our Shares or the Shares which are the subject of the Awards.

Awards Entitlement

Awards represent the right of a Participant to receive fully-paid Shares free of charge. Awards granted under the ISOTeam PSP may be time-based or performance-related as set out above.

In respect of time-based Awards, a Participant is entitled to receive fully-paid Shares free of charge, upon the expiry of the prescribed vesting periods.

In the case of performance-related Awards, a Participant is entitled to receive fully-paid Shares free of charge subject to certain prescribed performance targets being met.

The vesting periods of Awards (whether time-based or performance-related) will be determined by the Awards Committee and may not be subject to such time restrictions before vesting.

The selection of a Participant, the type of Award (whether time-based or performance-related), the number of Award Shares to be granted to him, and the prescribed vesting period shall be determined in the absolute discretion of the Awards Committee, which shall take into account criteria such as the Participant's rank, job performance, potential for future development and his contribution to the success and development of our Group.

In addition, for performance-related Awards, the extent of effort required to achieve the performance target(s) within the performance period shall also be considered.

The Awards Committee shall decide, in relation to each Award (whether time-based or performance related) to be granted to a Participant:

(a) the date on which the Award is to be granted;

(b) the number of Award Shares;

(c) the prescribed vesting period(s); and

(d) the extent to which Award Shares shall be released at the end of each prescribed Vesting Period.

In the case of performance-related Awards, the Awards Committee shall also decide on:

(a) the prescribed performance target(s);

(b) the performance period during which the prescribed performance target(s) are to be satisfied; and

(c) the extent to which Award Shares shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period.

Grant of Awards

Awards may be granted at any time during the period when the ISOTeam PSP is in force. An Award letter confirming the Award and specifying, amongst others, in relation to a performance-related Award, the prescribed performance target(s) and the performance period during which the prescribed performance target(s) are to be satisfied, will be sent to each Participant as soon as is reasonably practicable after making an Award.

Vesting of Awards

Special provisions for the vesting and lapsing of Awards (some at the discretion of the Awards Committee) under certain circumstances include:

(a) a Participant, being an employee of our Group, ceasing for any reason whatsoever, to be in the employment of a company in our Group or in the event the company by which the Participant is employed ceases to be a company in our Group;

(b) upon the bankruptcy of the Participant;

(c) ill health, injury, disability or death of a Participant;

(d) a Participant committing any breach of any of the terms of his Award;

(e) misconduct on the part of a Participant as determined by the Awards Committee in its discretion;

(f) a general offer being made of all or any part of our Shares;

(g) a scheme of arrangement or compromise between our Company and our Shareholders being sanctioned by the Court under the Companies Act;

(h) an order for the compulsory winding-up of our Company being made;

(i) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of our Company being made; and/or

(j) any other event approved by the Awards Committee.

Upon the occurrence of any of the events specified in paragraphs (f) to (i) above, the Awards Committee may consider, in its absolute discretion, whether or not to release any Award. If the Awards Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Awards Committee will have regard to the proportion of the vesting period(s) which has elapsed and the extent to which the prescribed performance target(s) (if any) has been satisfied.

Upon the occurrence of any of the events specified in paragraphs (a) to (e) above, an Award then held by a Participant shall, subject as provided in the rules of the ISOTeam PSP and to the extent not yet released, immediately become void and cease to have effect and the Participant shall have no claim whatsoever against our Company.

Our Company will have the flexibility to deliver Award Shares to Participants upon the vesting of their Awards by way of:

(a) an issue of new Shares; and/or

(b) the purchase of existing Shares on behalf of the Participants.

It is the intention of our Company that Award Shares will typically be delivered to Participants upon the vesting of their Awards by way of an issue of new Shares. However, our Company may purchase existing Shares for transfer to the Participants upon the vesting of their Awards. These circumstances include situations when our Shares are undervalued or when it otherwise makes economic sense to purchase existing Shares.

New Shares, when allotted and issued, and existing Shares, when transferred to the Participants upon the release of Awards shall be subject to all the provisions of the Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions the record date of which falls on or before the relevant vesting date of the Shares which are the subject of the Awards. For such purposes, record date means the date as at the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

Shares which are the subject of:

(a) a time-based Award shall, vest upon the expiry of each vesting period in relation to such Award and our Company shall release to the relevant Participant the Award Shares to which his Award relates on the vesting date; and

(b) a performance-related Award shall be vested with a participant on the vesting date, which shall be a Market Day falling as soon as practicable after the review by the Awards Committee of the performance target(s) prescribed in respect of such Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied, and, on the vesting date, the Awards Committee will procure the allotment or transfer to each Participant of the number of Award Shares so determined.

For the purposes of determining if performance target(s) in respect of performance-related Awards have been achieved, the Awards Committee has the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Awards Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events. The Awards Committee also has the discretion to amend the performance target(s) if the Awards Committee decides that a changed performance target would be a fairer measure of performance, or to waive the performance target where the Participant has achieved a level of performance that the Awards Committee considers satisfactory notwithstanding that the performance target has not been fulfilled.

<u>Adjustments and Alterations under the ISOTeam PSP</u>

If a variation in the share capital of our Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation or distribution) shall take place, then:

(a) the class and/or number of Award Shares to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the ISOTeam PSP,

may, at the option of the Awards Committee, be adjusted in such manner as the Awards Committee may determine to be appropriate provided that, any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued shares purchased or acquired by our Company by way of a market purchase of such shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Modifications to the ISOTeam PSP

The ISOTeam PSP may be modified and/or altered from time to time by a resolution of our Board, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants who, if their Awards were released to them, would thereby become entitled to not less than 75.0% of the aggregate number of all our Shares which would be issued upon exercise in full of all outstanding Awards under the ISOTeam PSP.

No alteration shall be made to certain rules of the ISOTeam PSP to the advantage of the holders of the Awards, as the case may be, except with the prior approval of our Shareholders in a general meeting.

Duration of the ISOTeam PSP

The ISOTeam PSP shall continue in operation at the discretion of the Awards Committee for a maximum period of 10 years commencing on the date on which the ISOTeam PSP is adopted by our Company in a general meeting, provided that the ISOTeam PSP may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The ISOTeam PSP may be terminated at any time by the Awards Committee and by resolution of our Company in a general meeting, subject to all relevant approvals which may be required being obtained. The termination of the ISOTeam PSP shall not affect Awards which have been granted in accordance with the ISOTeam PSP.

Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the ISOTeam PSP and any modification thereof. Participants may, however, act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolutions, provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

Rationale for participation by employees of our Group in the ISOTeam PSP

The grant of Awards to the employees of our Group allows us to have a fair and equitable system to reward the employees of the Group who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to the employees of the Group will enable us to attract, retain and provide incentives to the employees of the Group to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long-term growth of our Group.

Financial Effects of the ISOTeam PSP

Singapore Financial Reporting Standard ("FRS102") relating to share-based payment takes effect for all listed companies for financial periods beginning on or after 1 January 2005. It requires the fair value of employee services received in exchange for the grant of our Shares to be recognised as an expense to the profit or loss. For equity-settled share-based payment transactions, the total amount to be expensed over the vesting period is determined by reference to the fair value of each Share granted at the grant date with a corresponding increase in equity.

Before the end of the vesting period, at the end of each reporting period, the entity revises its estimates of the number of Shares that are expected to vest by the vesting date and recognises the impact of this revision to the profit or loss with a corresponding adjustment to equity. After the vesting date, no adjustment to the profit or loss would be made.

When new Shares are issued to Participants, the share capital will increase. If existing Shares are purchased, as opposed to new Shares issued for delivery to Participants, the ISOTeam PSP will have no impact on our Company's share capital.

The consolidated NTA will be reduced by the amount of expenses charged to the profit or loss if existing Shares are purchased. If new Shares are issued, there would be no effect on the consolidated NTA due to the offsetting effect of expenses recognised and increased share capital.

During the vesting period, the consolidated EPS would be reduced by both the expense recognised and the potential ordinary Shares to be issued under the ISOTeam PSP. NTA per Share would be diluted as a result of the reduced NTA if existing Shares are purchased or the increased share capital if new Shares are issued.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Our Board of Directors has formed three committees: (i) the Audit Committee, (ii) the Remuneration Committee and (iii) the Nominating Committee.

In addition, in view that David Ng, our Executive Chairman, is part of the management team and not an Independent Director, we have appointed Tan Eng Ann as our Lead Independent Director. The Lead Independent Director will be available to Shareholders where they have concerns which contact through the normal channels of our Executive Chairman and CEO, Executive Directors and/or CFO has failed to resolve or for which such contact is inappropriate.

Nominating Committee

Our Nominating Committee comprises Ng Kheng Choo, Tan Eng Ann and Soh Chun Bin. The chairman of the Nominating Committee is Ng Kheng Choo.

Our Nominating Committee will be responsible for:–

(a) re-nomination of our Directors having regard to each Director's contribution and performance;

(b) determining annually whether or not a Director is independent;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and

(d) assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Generally, the Nominating Committee does not appoint new directors, but nominates them to the Board which retains the final discretion in appointing such new directors.

Our Nominating Committee, after having:–

(a) noted that Tan Eng Ann and Soh Chun Bin are aware of their responsibilities and obligations owing to each of the companies whom they serve as directors as well as the time commitment and duties required from them given their past experience acting as directors of listed companies;

(b) considered that Tan Eng Ann and Soh Chun Bin are supported by their respective staff in carrying out the duties of their full time employments; and

(c) noted that Tan Eng Ann and Soh Chun Bin are serving on the boards of listed companies which have varying financial year ends,

is of the opinion that Tan Eng Ann and Soh Chun Bin are suitable to be appointed as our Independent Directors, notwithstanding that each of them is concurrently holding full time employment and serving as an independent director of other listed companies. Tan Eng Ann and Soh Chun Bin had also obtained the consent of the respective nominating committees of the listed companies whom they serve as directors with regard to their appointment as our Independent Directors.

Our Sponsor, after having considered the opinion of our Nominating Committee as disclosed above, and its interactions with our Independent Directors, is of the view that Tan Eng Ann and Soh Chun Bin are able to devote sufficient time to our Company to carry out their duties as our Independent Directors.

Remuneration Committee

Our Remuneration Committee comprises Soh Chun Bin, Tan Eng Ann and Ng Kheng Choo. The chairman of the Remuneration Committee is Soh Chun Bin.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers, and determine specific remuneration packages for each Executive Director.

The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package. The remuneration of employees who are related to our Directors or Substantial Shareholders will also be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate to their respective job scopes and level of responsibilities.

Awards under the ISOTeam PSP will be administered by our Remuneration Committee.

Audit Committee

Our Audit Committee comprises Tan Eng Ann, Soh Chun Bin and Ng Kheng Choo. The chairman of the Audit Committee is Tan Eng Ann.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

Our Audit Committee will assist our Board in discharging their responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:–

(a) review the audit plans of our external auditors and internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;

(b) review the annual consolidated financial statements and our external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board for approval;

(c) review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Catalist Rules, before submission to our Board for approval;

(d) review and discuss with our external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

(e) review the co-operation given by our management to our external auditors;

(f) consider the appointment or re-appointment of the external auditors;

(g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

(h) review potential conflicts of interests (if any);

(i) review the procedures by which employees of our Group may, in confidence, report to the chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(j) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(k) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the Audit Committee shall abstain from voting from any resolutions in respect of matters in which he is interested.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weakness (if any). Prior to the decommission of such annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address financial, operational and compliance risks of our Group.

Our Audit Committee, after having:–

(a) conducted interviews with Tan Wei;

(b) considered the qualifications and past working experiences of Tan Wei (as described in the "Directors, Executive Officers and Staff" section of this Offer Document);

(c) observed Tan Wei's abilities, familiarity and diligence in relation to the financial matters and information of our Group; and

(d) noted the absence of negative feedback on Tan Wei from Baker Tilly TFW LLP, our Group's Auditors and Reporting Accountants,

is of the view that Tan Wei is suitable for the position of CFO of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Tan Wei does not have the competence, character and integrity expected of a CFO of a listed issuer.

BOARD PRACTICES

Our Articles of Association provide that our Board will consist of not less than two Directors. None of our Directors is appointed for any fixed terms.

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One-third (or the number nearest one-third) of our Directors, are required to retire from office at each annual general meeting. Every Director must retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

In general, transactions between our Group and any of its interested persons (namely, our Directors or Controlling Shareholders or their respective Associates) are known as interested person transactions. The following discussion on material interested person transactions for the periods under review and the period from 1 January 2013 to the Latest Practicable Date (the "Relevant Period"), is based on our Group and interested persons are construed accordingly.

Save as disclosed below and in the "Restructuring Exercise" section of this Offer Document, none of our Directors, Controlling Shareholders or their respective Associates (each, an interested person) was or is interested in any material transaction undertaken by our Group for the Relevant Period.

PAST TRANSACTIONS

Loans and advances from our Group to Interested Persons

Our Group had in the past granted loans and advances to David Ng for personal use and investment purposes and ADD Group to fund its business operations. ADD Group is wholly owned by our Executive Directors, namely David Ng, Anthony Koh and Danny Foo in equal proportion. These loans and advances were made on a preferential basis as they were interest-free, unsecured and had no fixed terms of repayment. The amounts owing by David Ng and ADD Group to our Group as at the end of each of the Relevant Period were as follows:–

Amounts owing by Interested Persons to our Group	As at 30 June 2010 ($'000)	As at 30 June 2011 ($'000)	As at 30 June 2012 ($'000)	As at 31 December 2012 ($'000)	As at the Latest Practicable Date ($'000)
David Ng	–	–	60	–	–
ADD Group	463	865	1,316	1,417	1,720
Total	**463**	**865**	**1,376**	**1,417**	**1,720**

During the Relevant Period, the largest amounts owed by David Ng and ADD Group to our Group, based on month-end balances of such amounts owing by David Ng and ADD Group, were approximately $60,000 and $1,720,000 respectively. As at the Latest Practicable Date, all the aforesaid amounts owing have been repaid to our Group from David Ng and the balance amounts owing by ADD Group was settled on 13 June 2013 by offsetting of amounts owing to ADD Group (please refer to the following section for further details). After our admission to Catalist, we have no intention to grant such loans and advances to any interested persons.

Loans and advances from Interested Persons to our Group

Our Group had in the past obtained loans and advances from our Executive Directors, namely, David Ng, Anthony Koh and Danny Foo and their Associate, ADD Group, to fund the working capital needs of our Group. In addition, the balance sale consideration of $2,500,000 payable in cash for the acquisition of ISO-Team Corporation by our Company, was due to David Ng, Anthony Koh, Danny Foo and ADD Group as the Restructuring Exercise was deemed to take effect on 31 December 2012. These loans and advances as well as the sale consideration were made on a preferential basis as they were interest-free, unsecured and had no fixed terms of repayment. The amounts owing by our Group to David Ng, Anthony Koh, Danny Foo and ADD Group as at the end of each of the Relevant Period were as follows:–

Amounts owing by our Group to Interested Persons	As at 30 June 2010 ($'000)	As at 30 June 2011 ($'000)	As at 30 June 2012 ($'000)	As at 31 December 2012 ($'000)	As at the Latest Practicable Date ($'000)
David Ng	237	442	304	–	–
Anthony Koh	670	479	225	–	–
Danny Foo	163	106	105	–	–
ADD Group	–	–	–	2,705	2,854
Total	**1,070**	**1,027**	**634**	**2,705**	**2,854**

Of the aforesaid amounts owing, $1,720,000 was offset against the amounts owing by ADD Group to our subsidiaries, namely Raymond Construction, ISO-Team Corporation and TMS Alliances on 13 June 2013. The balance of $1,134,000 will be settled by our Group within six months from the date of admission of our Company to Catalist. Such repayment will be made subject to the approval of our Audit Committee, taking into consideration our liquidity and financial commitments as at the time of the proposed repayment. During the Relevant Period, the largest amounts owed by our Group to David Ng, Anthony Koh, Danny Foo and ADD Group, based on month-end balances of such amounts owing to them, were approximately $442,000, $670,000, $163,000 and $2,854,000 respectively. After our admission to Catalist, we have no intention to obtain such loans and advances from any interested persons.

Transactions with Pycis Contracts & Marketing Pte Ltd

Pycis Contracts & Marketing Pte Ltd ("Pycis"), a company incorporated in Singapore, was engaged in the provision of painting services. It is wholly owned by ADD Group. We had in the past from time to time engaged Pycis as our sub-contractor to provide painting services and we had also made payment for project expenses on behalf of Pycis. In addition, we charged Pycis a monthly rental of $1,100 for the use of our office premises to conduct its business. On the other hand, Pycis had engaged our Group as its sub-contractor to provide minor sub-contracting works and had also charged maintenance expenses for vehicles deployed in our projects to our Group. The value of transactions made between our Group and Pycis during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by Pycis	932	–	–	–	–
Payment on behalf of Pycis by our Group	145	–	–	–	–
Rental paid by Pycis	13	–	–	–	–
Provision of services to Pycis	57	6	–	–	–
Maintenance expenses for vehicles paid to Pycis	10	3	–	–	–

The provision of services by Pycis to our Group and the provision of services by our Group to Pycis were conducted on an arm's length basis and on normal commercial terms. The rental paid by Pycis to our Group and the maintenance expenses for vehicles paid by our Group to Pycis were mutually agreed between the parties and were not conducted on an arm's length basis. The project expenses paid by our Group on behalf of Pycis were based on a reimbursement basis. There were no further transactions between our Group and Pycis after April 2011 as Pycis had ceased operations.

Transactions with ISO-Seal Engineering Pte Ltd

ISO-Seal Engineering Pte Ltd ("ISO-Seal"), a company incorporated in Singapore, was engaged in the provision of waterproofing services. It is wholly owned by ADD Group. We had in the past from time to time engaged ISO-Seal as our sub-contractor to provide waterproofing services. On the other hand, ISO-Seal had charged maintenance expenses for vehicles deployed in our projects to our Group. The value of aforesaid transactions made between our Group and ISO-Seal during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by ISO-Seal	100	–	–	–	–
Maintenance expenses for vehicle paid to ISO-Seal	6	–	–	–	–

The provision of services by ISO-Seal to our Group was conducted on an arm's length basis and on normal commercial terms while the maintenance expenses for vehicles paid by our Group to ISO-Seal were mutually agreed between the parties and were not conducted on an arm's length basis. There were no further aforesaid transactions between our Group and ISO-Seal after FY2010 and ISO-Seal has also ceased to undertake new projects in November 2005.

Transactions with ISO-Team Lifestyles Pte. Ltd.

ISO-Team Lifestyles Pte. Ltd. ("ISO-Team Lifestyles"), a company incorporated in Singapore, was engaged in the business of interior design and space planning. It is wholly owned by ADD Group. We had in the past from time to time engaged ISO-Team Lifestyles as our sub-contractor to provide repair and maintenance services. The value of transactions made between our Group and ISO-Team Lifestyles during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by ISO-Team Lifestyles	54	–	–	–	–

The transactions were conducted on an arm's length basis and on normal commercial terms. There were no further transactions between our Group and ISO-Team Lifestyles after FY2010. ISO-Team Lifestyles has ceased operations in the first half of 2011.

Transactions with ADD Group

ADD Group, a company incorporated in Singapore, is an investment holding company. It is wholly owned by our Executive Directors, namely David Ng, Anthony Koh and Danny Foo in equal proportion. We had in the past charged ADD Group a monthly rental of $1,200 for the use of our office premises to conduct its business. In addition, ADD Group utilised the accounting support of our Group and our Group in turn charged ADD Group for such services at $2,000 per month. The value of transactions made between our Group and ADD Group during the Relevant Period was as follows:–

($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2013**	**1 January 2013 to the Latest Practicable Date**
Rental paid by ADD Group	14	14	14	7	4
Provision of accounting support to ADD Group	24	24	24	12	4

The rental paid by ADD Group to our Group and the fees charged by our Group to ADD Group for utilising our accounting support were mutually agreed between the parties and were not conducted on an arm's length basis. We do not intend to enter into such transactions with ADD Group after our admission to Catalist.

Transactions with Green Pest Management Pte. Ltd.

Green Pest Management Pte. Ltd. ("Green Pest"), a company incorporated in Singapore, is engaged in the provision of pest management and termite extermination solutions. It is wholly owned by ADD Group. Green Pest had in the past utilised the accounting, clerical and administrative support of our Group and our Group in turn charged Green Pest for such services. The value of aforesaid transactions made between our Group and Green Pest during the Relevant Period was as follows:–

($'000)	**FY2010**	**FY2011**	**FY2012**	**HY2013**	**1 January 2013 to the Latest Practicable Date**
Provision of accounting, clerical and administrative support to Green Pest	19	6	7	3	1

The fees charged by our Group to Green Pest for utilising our accounting, clerical and administrative support were mutually agreed between the parties and were not conducted on an arm's length basis. We do not intend to enter into such transactions with Green Pest after our admission to Catalist.

Transactions with IPE Engineering Pte. Ltd.

IPE Engineering Pte. Ltd. ("IPE Engineering"), a company incorporated in Singapore, is engaged in the provision of electrical engineering services. Prior to 15 April 2013, it was 50.1% owned by ADD Group and the balance 49.9% was held by Sng Yong Lik who is an unrelated party. We had in the past from time to time engaged IPE Engineering as our sub-contractor to provide electrical engineering services and had also made payment for project expenses on behalf of IPE Engineering. In addition, IPE Engineering utilised the clerical and administrative support of our Group and our Group in turn charged IPE Engineering for such services. The value of transactions made between our Group and IPE Engineering during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by IPE Engineering	609	209	239	96	18
Payment on behalf of IPE Engineering by our Group	31	41	66	35	15
Provision of clerical and administrative support to IPE Engineering	–	–	2	1	–

The provision of services by IPE Engineering to our Group was conducted on an arm's length basis and on normal commercial terms while the fees charged by our Group to IPE Engineering for utilising our clerical and administrative support were mutually agreed between the parties and were not conducted on an arm's length basis. The project expenses paid by our Group on behalf of IPE Engineering were based on a reimbursement basis. On 15 April 2013, ADD Group disposed of its entire interest in IPE Engineering to Sng Yong Lik and any future transactions entered into between our Group and IPE Engineering will cease to constitute interested person transactions defined under Chapter 9 of the Catalist Rules. In addition, our Group has undertaken not to enter into any new transaction with IPE Engineering after our admission to Catalist.

Transactions with CFB-Team Pte. Ltd.

CFB-Team Pte. Ltd. ("CFB-Team"), a company incorporated in Singapore, is engaged in the provision of structural cement and tiling works. Prior to 8 April 2013, its shareholders were our Executive Director, Danny Foo (90%) and an unrelated party, Yee Shaw Loong (10%). We had in the past from time to time engaged CFB-Team as our sub-contractor to undertake cement and tiling works and had also made payment for project expenses on behalf of CFB-Team. In addition, CFB-Team utilised the clerical and administrative support of our Group and our Group in turn charged CFB-Team for such services. On the other hand, CFB-Team had engaged our Group as its sub-contractor to undertake cement and tiling works and had also leased our machinery to conduct its business. The value of transactions made between our Group and CFB-Team during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by CFB-Team	–	–	381	1,715	703
Payment on behalf of CFB-Team by our Group	–	–	183	1,386	588
Provision of clerical and administrative support to CFB-Team	–	–	–	66	16
Provision of services to CFB-Team	–	–	–	332	84
Rental for lease of machinery paid by CFB-Team	–	–	–	49	64

The provision of services by CFB-Team to our Group and the provision of services by our Group to CFB-Team were conducted on an arm's length basis and on normal commercial terms. The rental for the lease of machinery paid by CFB-Team to our Group and the fees charged by our Group to CFB-Team for utilising our clerical and administrative support were mutually agreed between the parties and were not conducted on an arm's length basis. The project expenses paid by our Group on behalf of CFB-Team were based on a reimbursement basis. On 8 April 2013, Danny Foo disposed of his entire interest in CFB-Team to three unrelated parties, namely Yee Shaw Loong, Mak Chee Leon and Chia Wah Kwong and any future transactions entered into between our Group and CFB-Team will cease to constitute interested person transactions defined under Chapter 9 of the Catalist Rules.

Provision of Counter Indemnities

Our Executive Directors, namely David Ng, Anthony Koh and Danny Foo had in the past provided the following counter indemnities for insurance performance bond guarantees to secure our Group's performance of its obligations under contracts made with our customers:–

Project	Amount Insured under Performance Bond ($)
R&R works at Toa Payoh Lorong 5 and Lorong 6	28,945
R&R works to Eastlink Building	7,111
R&R works to Katong Ville	4,390
Repairs and repainting works to 3 blocks at Ngee Ann Polytechnic	8,995
Repair and repainting works to Gardenville Condominium at Walshe Road	12,000
Reroofing works at Teban Gardens, Telok Blangah Drive and Dover Crescent	31,590
Construction of covered walkways and residents' corners and replacement of covered walkway roof in Pioneer Division	44,290
Construction of covered walkways and drop-off point in Admiralty and Marsiling Divisions	79,890
Upgrading of Hong Lim Market and Food Centre	61,212
Upgrading of market and food centre at Block 115 Bukit Merah View and Blk 82 Telok Blangah Drive	282,845
Upgrading of neighbourhood park at Ang Mo Kio Avenue 4 and Avenue 5	96,590
Estate upgrading of Chestnut Estate	14,611
Neighbourhood renewal at Cashew Road, Petir Road and Gangsa Road	200,000

No consideration was paid to David Ng, Anthony Koh and Danny Foo for the provision of the aforesaid counter indemnities.

PRESENT AND ON-GOING TRANSACTIONS

Transactions with Green Pest Management Pte. Ltd.

Green Pest is engaged in the provision of pest management and termite extermination solutions. From time to time, our Group will engage Green Pest as our sub-contractor to undertake pest management control at our project sites. During the course of such sub-contract work, our Group as the main contractor may be required to make advance payment of supplies of products and/or equipment, insurance and other incidental expenses for that project. All expenses paid by us will be reimbursed to us and/or deducted from the sub-contract sum on a reimbursement basis. The value of aforesaid transactions made between our Group and Green Pest during the Relevant Period was as follows:–

($'000)	FY2010	FY2011	FY2012	HY2013	1 January 2013 to the Latest Practicable Date
Provision of services by Green Pest	125	98	134	68	71
Payment on behalf of Green Pest by our Group	4	17	32	20	19

The provision of services by Green Pest to our Group was conducted on an arm's length basis and on normal commercial terms. After our admission to Catalist, all future transactions with Green Pest will be conducted in accordance with such guidelines as described in the "Review Procedures for Future Interested Person Transactions" section of this Offer Document and Chapter 9 of the Catalist Rules.

Provision of Counter Indemnities

As at the Latest Practicable Date, our Executive Directors, namely David Ng, Anthony Koh and Danny Foo have provided the following counter indemnities for insurance performance bond guarantees to secure our Group's performance of its obligations under contracts made with our customers:–

Project	Amount Insured under Performance Bond ($)
R&R works at Toa Payoh Lorong 5 and Lorong 6 (paint warranty)	16,269
R&R works at Toa Payoh Lorong 1, Lorong 2, Lorong 4 and Lorong 5	118,497
R&R works at Toa Payoh Lorong 1 and Lorong 2 and Toa Payoh North	118,497
R&R works at Toa Payoh Lorong 1 and Lorong 2 and Toa Payoh North (paint warranty)	49,473
R&R works to markets and food centres of Ministry of the Environment and Water Resources	43,445

Project	Amount Insured under Performance Bond ($)
R&R works to Golden Mile Food Centre and Maxwell Food Centre	58,445
R&R works to Sin Ming Autocare and AMK Techlink	43,345
R&R works to National Service Training Institute for Singapore Civil Defence Force	5,736
Reroofing works at Balam Road, Circuit Road and Aljunied Crescent	44,995
Reroofing works at Veerasamy Road and Dorset Road	65,890
Reroofing works at Veerasamy Road and Dorset Road (roof warranty)	65,890
Reroofing works at Teban Gardens, Telok Blangah Drive and Dover Crescent (roof warranty)	31,590
R&R and reroofing works in Woodlands Division	138,690
R&R and reroofing works in Woodlands Division (roof warranty)	69,345
R&R works at Sin Ming Industrial Estate Sector A and Toa Payoh Lorong 2, Lorong 4, Lorong 7 and Lorong 8, and reroofing works at Toa Payoh Lorong 7 and Lorong 8	133,497
R&R works at Sin Ming Industrial Estate Sector A and Toa Payoh Lorong 2, Lorong 4, Lorong 7 and Lorong 8, and reroofing works at Toa Payoh Lorong 7 and Lorong 8 (paint warranty)	59,712
Repair and repainting works to Kingsgrove Condominium at Ang Mo Kio Avenue 1	3,000
Repainting and repair works to The Jade Condominium at 9 Bukit Batok Central Link	28,000
Neighbourhood renewal at Tampines Neighbourhood 9	579,945
Neighbourhood renewal at Tampines Neighbourhood 9 (paint warranty)	312,124
Neighbourhood renewal at Hougang Avenue 6	61,211
Neighbourhood renewal at Serangoon Avenue 2 and Avenue 3	483,445
Neighbourhood renewal at Serangoon Avenue 2 and Avenue 3 (paint warranty)	96,502
Neighbourhood renewal at Bukit Batok Avenue 4 and Avenue 7	340,579
Neighbourhood renewal at Bukit Batok Street 34	79,345
Neighbourhood renewal and electrical load upgrading works at Woodlands Street 13	107,172
Neighbourhood renewal and electrical load upgrading works at Woodlands Street 13 (paint warranty)	74,443
Neighbourhood renewal at Yishun Avenue 6 and Avenue 11 and Yishun Ring Road	527,890

Project	Amount Insured under Performance Bond ($)
Neighbourhood renewal and electrical load upgrading works at Yishun Street 22	200,000
Neighbourhood renewal with electrical load upgrading and R&R works at Tampines Street 21 and Tampines Central 1	598,710
Neighbourhood renewal with electrical load upgrading and R&R works at Tampines Street 21 and Tampines Central 1 (paint warranty)	145,000
Neighbourhood renewal with electrical load upgrading and R&R works at Hougang Street 51, Street 52 and Avenue 8	254,652
Neighbourhood renewal with electrical load upgrading and R&R works at Hougang Street 51, Street 52 and Avenue 8 (paint warranty)	175,409

No consideration was paid to David Ng, Anthony Koh and Danny Foo for the provision of the aforesaid counter indemnities.

Subsequent to the Placement, our Executive Directors intend to procure the transfer of the above counter indemnities to our Group. Should any of the counterparties be unwilling to agree to the transfer of the counter indemnities to our Group, our Executive Directors will continue to provide the counter indemnities.

Provision of Guarantees

As at the Latest Practicable Date, our Executive Directors, namely David Ng, Anthony Koh and Danny Foo and their Associate, ADD Group, have provided the following personal guarantees to secure banking and trade facilities granted to our Group:–

Financial institution/Lender	Type of Facilities	Amount of Facilities Guaranteed ($)	Personal Guarantee(s) Provided by
DBS Bank Ltd.	Overdraft, term loan, letters of guarantee, letters of credit, trust receipts and other trade financing facilities	All monies	David Ng, Anthony Koh and Danny Foo
Oversea-Chinese Banking Corporation Limited	Overdraft, letters of credit, trust receipts, performance bond(s), worker's bond(s) and other trade financing facilities	All monies	David Ng, Anthony Koh and Danny Foo

Financial institution/Lender	Type of Facilities	Amount of Facilities Guaranteed ($)	Personal Guarantee(s) Provided by
Oversea-Chinese Banking Corporation Limited	Business receivables financing	All monies	David Ng, Anthony Koh and Danny Foo
Oversea-Chinese Banking Corporation Limited	Overdraft	All monies	David Ng, Anthony Koh, Danny Foo and ADD Group
Standard Chartered Bank	Receivables purchase	All monies	David Ng, Anthony Koh, Danny Foo and ADD Group
Standard Chartered Bank	Finance lease	105,000	David Ng
United Overseas Bank Limited	Factoring	2,500,000	David Ng, Anthony Koh and Danny Foo
United Overseas Bank Limited	Line of credit	2,160,000	David Ng, Anthony Koh and Danny Foo
United Overseas Bank Limited	Finance lease	243,000	David Ng, Anthony Koh and Danny Foo
Oversea-Chinese Banking Corporation Limited	Finance lease	379,000	David Ng, Anthony Koh and Danny Foo

No consideration was paid to David Ng, Anthony Koh, Danny Foo and ADD Group for the provision of the aforesaid personal guarantees. The largest aggregated amount guaranteed was $18.0 million during the Relevant Period.

Subsequent to the Placement, the above-named guarantors intend to obtain a release and discharge of the above guarantees from the respective financial institutions by substituting the same with other securities to be furnished by our Group that are acceptable to these financial institutions, if required. Should any of the financial institutions be unwilling to release and discharge the above guarantees, the guarantors will continue to provide the guarantees.

Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or associated companies over which the listed company has control (other than a subsidiary or associated company that is listed on a foreign stock exchange) proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial threshold. In particular, shareholders' approval is required where the value of such transaction is not below $100,000 and is:–

(i) equal to or more than 5% of the latest audited NTA of the listed company; or

(ii) equal to or more than 5% of the latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Definitions under the Catalist Rules

Under the Catalist Rules:–

(a) the term "interested person" is defined to mean a director, CEO, or controlling shareholder of the listed company or an associate of any such director, CEO or controlling shareholder; and

(b) the term "associate" is defined to mean:–

 (i) in relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual):–

 - his immediate family;

 - the trustee of any trust of which he and his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

 - any company in which he and his immediate family (that is, the spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30% or more;

 (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with interested persons are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of products or procurement of services from interested persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

All interested persons transactions above $100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:–

(i) a "category one" interested person transaction is one where the value thereof is in excess of 5% of the NTA of our Group; and

(ii) a "category two" interested person transaction is one where the value thereof is below or equal to 5% of the NTA of our Group.

"Category one" interested person transactions must be approved by our Audit Committee prior to entry. "Category two" interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a half-yearly basis by our Audit Committee.

When renting properties from or to an interested person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries. Such transactions shall be subject to review by our Audit Committee on a half-yearly basis.

We will prepare relevant information to assist our Audit Committee in its review.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit Committee. In the event that a member of our Audit Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules, the Companies Act or the SFA, we will seek independent Shareholders' approval for such transactions.

INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

Save as disclosed below and in the "Interested Person Transactions" section of this Offer Document, during the periods under review and the period from 1 January 2013 to the Latest Practicable Date:–

(a) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any material transactions to which our Company or any of our subsidiaries was or is a party;

(b) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any entity carrying on the same business or dealing in similar products which competes materially and directly with the existing business of our Group; and

(c) none of our Directors, Controlling Shareholders or any of their respective Associates has any interest, direct or indirect, in any enterprise or company that is our customer or supplier of goods and services.

Metal-Team Engineering Pte. Ltd. ("Metal-Team") is engaged in the business of steel fabrication and installation. It is 51% owned by our Executive Officer, Or Thiam Huat and 49% owned by an unrelated party, Loh Siak Chang. Or Thiam Huat is our Projects Director and is not related to any of our Directors or Controlling Shareholders. None of our Directors, Controlling Shareholders or any of their respective Associates has any interest in Metal-Team. Or Thiam Huat has given a written undertaking to our Company that he will dispose of his entire interest in Metal-Team within six months from the date of admission of our Company to Catalist. Prior to the disposal of Or Thiam Huat's entire interest in Metal-Team, any transactions to be entered into between our Group and Metal-Team will be subject to the review of our Audit Committee.

ISO-Team Corporation Sdn. Bhd. ("ITCSB"), a company incorporated in Malaysia, is an investment holding company with the intention to carry out business activities in Malaysia. It is 12% owned by David Ng, 63% owned by Anthony Koh, 12% owned by Danny Foo and 13% owned by Koh Hock Lye, an unrelated party. Please refer to the "Interested Person Transactions" section of this Offer Document for the shareholding information of Pycis Contracts & Marketing Pte Ltd ("Pycis") and ISO-Team Lifestyles Pte. Ltd. ("ISO-Team Lifestyles").

Pycis, ISO-Team Lifestyles and ITCSB have ceased operations and their respective shareholders are taking steps to de-register these companies. Pycis, ISO-Team Lifestyles and ITCSB and their respective shareholders have each given a written undertaking to our Company that Pycis, ISO-Team Lifestyles and ITCSB will not commence business and that they will commence the process of de-registration of Pycis, ISO-Team Lifestyles and ITCSB within six months from the date of admission of our Company to Catalist.

ISO-Team Trust Pte Ltd ("ISO-Team Trust"), a company incorporated in Singapore, was originally set up for the purposes of administering the Pre-listing Share Plan introduced in October 2010 as disclosed in the "ISOTeam Performance Share Plan" section of this Offer Document. However, as the Pre-listing Share Plan was terminated and revoked, ISO-Team Trust will be de-registered. ISO-Team Trust is wholly owned by our Executive Officers, namely Or Thiam Huat and Lim Kim Hock in equal proportion. ISO-Team Trust and its shareholders have each given a written undertaking to our Company that ISO-Team Trust will not commence business and that they will commence the process of de-registration of ISO-Team Trust within six months from the date of admission of our Company to Catalist.

Our Directors do not intend to procure ISO-Seal Engineering Pte Ltd ("ISO-Seal") to change its name as it had ceased to undertake new projects since November 2005 and would be de-registered after the subsisting warranties provided to its customers expire in November 2015. However, ISO-Seal is required to undertake waterproofing works which are under warranty in order to fulfil its contractual obligations under the warranties provided to its customers. ISO-Seal and its shareholders have each given a written undertaking to our Company that ISO-Seal will not undertake new projects, it will grant our Company the first right of refusal in respect of all business or work opportunities and enquiries which it may receive and that ISO-Seal will commence the process of de-registration within six months from the expiry of the last subsisting warranty provided to its customers.

INTERESTS OF EXPERTS

None of the experts named in this Offer Document:–

(i) is employed on a contingent basis by our Company or our subsidiaries;

(ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or

(iii) has a material economic interest, whether direct or indirect, in our Company, including having an interest in the success of the Placement.

INTERESTS OF SPONSOR OR PLACEMENT AGENT

In the reasonable opinion of our Directors, the Sponsor and the Placement Agent do not have a material relationship with our Company save that HLF is the Sponsor of the Placement and UOB Kay Hian is the Placement Agent for the Placement. Please refer to the "Management and Placement Arrangements" section of this Offer Document for further details on our management and placement arrangements.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding the Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of $10.00 for each withdrawal of 1,000 Shares or less and a fee of $25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of $2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of $10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or $0.20 per $100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of $10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.04% of the transaction value subject to a maximum of $600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at the prevailing rate of 7% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholder is or was involved in any of the following events:–

   (a) had at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) had at any time during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) has any unsatisfied judgment against him;

   (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last ten years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) has been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–

  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

  (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

  (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

  in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Fines imposed by regulatory and statutory bodies

We have, in the course of our business, been fined by regulatory and statutory bodies such as MOM and NEA for infringement of certain environmental and safety rules and regulations from time to time. We have paid an aggregate of \$9,000, \$8,500, \$15,700 and \$17,200 for FY2010, FY2011, FY2012 and HY2013 respectively. Subsequent to HY2013 and up to the date of this Offer Document, we have paid an aggregate of \$4,000 in fines.

We have endeavored to take all such steps to mitigate and wherever possible eliminate such contravention of rules and regulations. We have taken efforts to improve and revise our internal safety standards, given firm instructions to our project and site managers, safety officers to carry out more frequent checks at the work sites. We indoctrinate our workers daily on the need to have a safe work environment. We have set in place mechanisms where any breaches of safety standards or regulations are to be immediately reported and attended to by our management personnel. In addition, our Board, together with our Sponsor, will monitor and review the submissions by our Head of Compliance on a periodic basis. We will disclose the assessment and progress of our Group in terms of compliance with environmental and safety rules and regulations in our annual report.

Disclosures pertaining to Anthony Koh

In 2004, our CEO, Anthony Koh was interviewed by the Corrupt Practices Investigation Bureau (“CPIB”) to assist in connection with their investigations of a contract manager employed by one of our Group’s customers. In 2010, Anthony Koh assisted the CPIB in their investigations of a senior project manager of a managing agent. In both instances, Anthony Koh was not required by CPIB for subsequent interviews and he was also not the subject of their investigations.

CHANGES IN SHARE CAPITAL

2. Save as disclosed below, there were no changes in the issued and paid-up capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Offer Document:–

Our Company

Date of Issue	Number of Shares Issued	Purpose	Consideration Per Share	Resultant Issued Share Capital
12 December 2012	3	Incorporation	$1	$3
5 June 2013	9,651,756	Restructuring Exercise	$1	$9,651,759

ISO-Team Corporation

Date of Issue	Number of Shares Issued	Purpose	Consideration Per Share	Resultant Issued Share Capital
18 April 2013	2,500,000	Working capital	$1	$3,500,000

ITG-Green

Date of Issue	Number of Shares Issued	Purpose	Consideration Per Share	Resultant Issued Share Capital
10 October 2010	10,000	Incorporation	$1	$10,000

ISO-Seal Waterproofing

Date of Issue	Number of Shares Issued	Purpose	Consideration Per Share	Resultant Issued Share Capital
12 September 2011	10,000	Incorporation	$1	$10,000
4 October 2012	40,000	Working capital	$1	$50,000

3. Save as disclosed above and in the “Restructuring Exercise” section of this Offer Document, no shares in our Company or any of our subsidiaries have been issued for a consideration other than cash during the three years preceding the date of lodgement of this Offer Document.

MATERIAL CONTRACTS

4. The following contracts, not being contract entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Offer Document and is or may be material:–

   (a) Option to purchase dated 17 January 2012 entered into between ISO-Team Corporation and C & L Interbuild Pte Ltd pursuant to which ISO-Team Corporation sold the property located at No. 231 Kaki Bukit Avenue 1 Singapore 416050 to C & L Interbuild Pte Ltd for a consideration of $2,050,000, which has been accepted on 16 February 2012;

   (b) Option to purchase dated 29 November 2012 entered into between ISO-Team Corporation and Winston Engineering Corporation Pte Ltd pursuant to which ISO-Team Corporation sold the property located at No. 41 Kaki Bukit Place Singapore 416219 to Winston Engineering Corporation Pte Ltd for a consideration of $6,200,000, which has been accepted on 29 November 2012;

   (c) Share exchange agreement dated 28 May 2013 entered into between our Company, ADD Group and Wong Chun Weng pursuant to which our Company acquired the entire issued and paid up share capital of Raymond Construction for a consideration of $4,749,828 as referred to in the "Restructuring Exercise" section of this Offer Document;

   (d) Share exchange agreement dated 28 May 2013 entered into between our Company, ADD Group, David Ng, Anthony Koh and Danny Foo pursuant to which our Company acquired the entire issued and paid up share capital of ISO-Team Corporation for a consideration of $5,605,791 as referred to in the "Restructuring Exercise" section of this Offer Document;

   (e) Share exchange agreement dated 28 May 2013 entered into between our Company, Raymond Construction and Nippon Paint Singapore pursuant to which our Company acquired the entire issued and paid up share capital of TMS Alliances for a consideration of $1,760,381 as referred to in the "Restructuring Exercise" section of this Offer Document;

   (f) Share exchange agreement dated 28 May 2013 entered into between our Company, Anthony Koh, Danny Foo and Tan Bee Kuan pursuant to which our Company acquired the entire issued and paid up share capital of ITG-Green for a consideration of $1,790 as referred to in the "Restructuring Exercise" section of this Offer Document; and

   (g) Share exchange agreement dated 28 May 2013 entered into between our Company and ADD Group pursuant to which our Company acquired the entire issued and paid up share capital of ISO-Seal Waterproofing for a consideration of $33,966 as referred to in the "Restructuring Exercise" section of this Offer Document.

LITIGATION

5. As at the Latest Practicable Date, save as disclosed below, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of this Offer Document, a material effect on our Group's financial position or profitability:

Claim by J-One Contract Services Pte Ltd against Raymond Construction

Our subsidiary, Raymond Construction, had a dispute with one of its sub-contractors, J-One Contract Services Pte Ltd ("J-One"), over its claim for certain payments due under a sub-contract for its provision of plumbing works and services to the A&A project at Bedok South Avenue 3 (the "Project"). In June 2012, J-One had issued a formal demand to Raymond Construction for the sum of approximately $307,039. Raymond Construction has disputed its liability on the ground that J-One had caused delay to Raymond Construction in its completion schedule for the Project, resulting in Raymond Construction having to incur liquated damages for the Project. Raymond Construction then responded to J-One with its counterclaim of approximately $500,385. J-One had on 13 May 2013 filed a Notice of Arbitration with the Registrar of the Singapore International Arbitration Centre ("SIAC") with a view to commence arbitration to claim for the aforesaid sum. In addition, the SIAC had on 13 June 2013 notified parties of the appointment of the arbitrator. As such, Raymond Construction expects to receive a statement of claim from J-One setting out the grounds of its claim. Timelines for parties' submission of the statement of claim, defence and counterclaim will be fixed in due course. Raymond Construction intends to defend against J-One's claims and will be filing its detailed response and counterclaim accordingly. As at the Latest Practicable Date, Raymond Construction has not received the statement of claim from J-One in respect of the aforementioned claim.

Claim by KSL Electrical Engineering Pte Ltd against Raymond Construction

Our subsidiary, Raymond Construction, had a dispute with another of its sub-contractors, KSL Electrical Engineering Pte Ltd ("KSL"), over its claim for certain payments due under a sub-contract for its provision of electrical works and services, as well as, the labour supplied for the same project mentioned above. In January 2011, KSL had issued a formal demand to Raymond Construction for the total sum of approximately $217,746. Raymond Construction has disputed its liability on the ground that KSL had caused delay to Raymond Construction in its completion schedule for that project, resulting in Raymond Construction having to incur liquidated damages for the Project. Raymond Construction then responded to KSL with its counterclaim of approximately $311,426. KSL had subsequently filed a claim against Raymond Construction through The Small Claims Tribunal of Singapore but did not succeed in such claim. Subsequent to that, KSL has not filed any legal proceedings against Raymond Construction as at the Latest Practicable Date.

MISCELLANEOUS

6. Save as disclosed in the "Subsequent Events" section in Appendix B of this Offer Document, our Directors are not aware of any event which has occurred since 31 December 2012, which may have a material effect on the financial information provided in the Unaudited Interim Combined Financial Statements set out in Appendix B of this Offer Document.

7. We currently have no intention of changing the auditors of our Company and our subsidiaries after the admission of our Company to Catalist.

CONSENTS

8. Baker Tilly TFW LLP, the Auditors and Reporting Accountants, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Audited Combined Financial Statements, Unaudited Interim Combined Financial Statements and Unaudited Proforma Combined Financial Information in the form and context in which they are included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

9. HLF, the Sponsor, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

10. UOB Kay Hian, the Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

11. Opal Lawyers LLC, the Solicitors to the Placement, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

12. Unless otherwise expressly stated herein, each of the Solicitors to the Placement, the Placement Agent, the Share Registrar and Share Transfer Office, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

DOCUMENTS AVAILABLE FOR INSPECTION

13. Copies of the following documents may be inspected at the registered address of our Company during normal business hours for a period of six months from the date of registration by the SGX-ST acting as agent on behalf of the Authority, of this Offer Document:–

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Audited Combined Financial Statements set out in Appendix A of this Offer Document;

    (c) the Unaudited Interim Combined Financial Statements set out in Appendix B of this Offer Document;

(d) the Unaudited Proforma Combined Financial Information set out in Appendix C of this Offer Document;

(e) the material contracts referred to in paragraph 4 above;

(f) the letters of consent referred to in paragraphs 8 to 11 above; and

(g) the Service Agreements.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR

14. This Offer Document has been seen and approved by our Directors and the Vendor and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and its subsidiaries, and our Directors and the Vendor are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

ISOTEAM LTD.

(Co. Reg. No. 201230294M)

COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2010, 2011 AND 2012

ISOTEAM LTD.

STATEMENT BY DIRECTORS

In the opinion of the directors:

(i) the combined financial statements of the Group as set out on pages A-5 to A-47 are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2010, 2011 and 2012 and the results, changes in equity and cash flows of the Group for the financial years ended on those dates in accordance with Singapore Financial Reporting Standards; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Ng Cheng Lian Director	Koh Thong Huat Director

5 July 2013

INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2010, 2011 AND 2012

The Board of Directors
ISOTeam Ltd.
No. 57 Kaki Bukit Place
Eunos Techpark
Singapore 416231

Dear Sirs,

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages A-5 to A-47, which comprise the combined statements of financial position of the Group as at 30 June 2010, 2011 and 2012, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for financial years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2010, 2011 AND 2012

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2010, 2011 and 2012 and the results, changes in equity and cash flows of the Group for the financial years ended on those dates.

Other Matter

This report has been prepared solely for inclusion in the Offer Document of the Company dated 5 July 2013 in connection with the proposed initial public offering of the ordinary shares of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Partner in charge: Ong Kian Guan

5 July 2013

ISOTEAM LTD.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
For the financial years ended 30 June 2010, 2011 and 2012

	Note	2010 $'000	2011 $'000	2012 $'000
Revenue	4	26,658	24,527	35,430
Cost of sales		(20,555)	(20,983)	(29,012)
Gross profit		6,103	3,544	6,418
Other income	5	443	477	1,163
Marketing and distribution expenses		(406)	(506)	(475)
General and administrative expenses		(3,386)	(3,061)	(3,484)
Finance costs	6	(171)	(216)	(246)
Profit before tax	7	2,583	238	3,376
Tax expense	9	(453)	(90)	(422)
Profit and total comprehensive income for the year attributable to equity holders of the Company		2,130	148	2,954
Earnings per share				
Basic and diluted (cents)	10	2.45	0.17	3.40

The accompanying notes form an integral part of the combined financial statements.

ISOTEAM LTD.

COMBINED STATEMENTS OF FINANCIAL POSITION
At 30 June 2010, 2011 and 2012

	Note	2010 $'000	2011 $'000	2012 $'000
Non-current assets				
Property, plant and equipment	11	5,424	5,866	6,284
Investment property	12	1,220	1,193	–
Total non-current assets		6,644	7,059	6,284
Current assets				
Due from customers for contract work-in-progress	13	1,373	1,619	3,069
Trade and other receivables	14	5,659	8,101	12,284
Amounts due from directors	15	–	–	60
Cash and bank balances	16	6,147	3,483	5,474
Total current assets		13,179	13,203	20,887
Total assets		19,823	20,262	27,171
Non-current liabilities				
Finance lease liabilities	17	262	461	671
Deferred tax liabilities	18	18	29	59
Total non-current liabilities		280	490	730
Current liabilities				
Due to customers for contract work-in-progress	13	112	364	1,259
Bank borrowings	19	3,277	3,145	3,765
Trade and other payables	20	5,028	4,763	6,982
Finance lease liabilities	17	147	349	479
Amounts due to directors	15	1,070	1,027	634
Tax payables		912	969	1,203
Total current liabilities		10,546	10,617	14,322
Total liabilities		10,826	11,107	15,052
Net assets		8,997	9,155	12,119
Share capital and reserves				
Share capital	21	4,793	4,803	4,813
Accumulated profits		4,204	4,352	7,306
Total equity		8,997	9,155	12,119

The accompanying notes form an integral part of the combined financial statements.

ISOTEAM LTD.

COMBINED STATEMENTS OF CHANGES IN EQUITY
For the financial years ended 30 June 2010, 2011 and 2012

	Share capital $'000	Accumulated profits $'000	Total equity $'000
At 1.7.2009	4,793	2,074	6,867
Profit and total comprehensive income for the year	–	2,130	2,130
At 30.6.2010	4,793	4,204	8,997
At 1.7.2010	4,793	4,204	8,997
Profit and total comprehensive income for the year	–	148	148
Issuance of ordinary shares on incorporation of subsidiary	10	–	10
At 30.6.2011	4,803	4,352	9,155
At 1.7.2011	4,803	4,352	9,155
Profit and total comprehensive income for the year	–	2,954	2,954
Issuance of ordinary shares on incorporation of subsidiary	10	–	10
At 30.6.2012	4,813	7,306	12,119

The accompanying notes form an integral part of the combined financial statements.

ISOTEAM LTD.

COMBINED STATEMENTS OF CASH FLOWS
For the financial years ended 30 June 2010, 2011 and 2012

	2010 $'000	2011 $'000	2012 $'000
Cash flows from operating activities			
Profit before tax	2,583	238	3,376
Adjustments for:			
Depreciation of property, plant and equipment	299	394	369
Depreciation of investment property	27	27	23
Gain on disposal of property, plant and equipment	(113)	(38)	(7)
Gain on disposal of investment property	–	–	(880)
Interest income	(6)	(5)	(5)
Interest expense	161	203	228
Operating profit before working capital changes	2,951	819	3,104
Project work-in-progress	(2,602)	6	(555)
Trade and other receivables	2,813	(2,039)	(3,732)
Trade and other payables	(295)	(265)	2,186
Cash generated from/(used in) operations	2,867	(1,479)	1,003
Interest paid	(161)	(203)	(228)
Interest received	6	5	5
Tax paid	(31)	(22)	(158)
Net cash generated from/(used in) operating activities	2,681	(1,699)	622
Cash flows from investing activities			
Purchases of property, plant and equipment (note A)	(546)	(210)	(160)
Proceeds from disposal of investment property	–	–	2,050
Proceeds from disposal of property, plant and equipment	673	49	19
Net cash generated from/(used in) investing activities	127	(161)	1,909
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	–	10	10
Fixed deposits pledged to bank	(8)	(1)	(402)
Drawndown of bank borrowings	–	–	819
Due from/(to) related parties (non-trade)	(467)	(403)	(418)
Due from/(to) directors	538	(43)	(453)
Repayment of bank borrowings	(1,037)	(331)	–
Repayment of finance lease	(115)	(236)	(299)
Net cash used in financing activities	(1,089)	(1,004)	(743)
Net increase/(decrease) in cash and cash equivalents	1,719	(2,864)	1,788
Cash and cash equivalents at beginning of financial year	3,485	5,204	2,340
Cash and cash equivalents at end of financial year	5,204	2,340	4,128

COMBINED STATEMENTS OF CASH FLOWS (continued)
For the financial years ended 30 June 2010, 2011 and 2012

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following:

	2010 $'000	2011 $'000	2012 $'000
Cash in hand and at bank (note 16)	5,204	2,539	3,328
Fixed deposits (note 16)	943	944	2,146
	6,147	3,483	5,474
Less Fixed deposits pledged (note 16)	(943)	(944)	(1,346)
Bank overdrafts (note 19)	–	(199)	–
	5,204	2,340	4,128

Note A

The Group acquired property, plant and equipment with an aggregate cost of $799,000 (2011: $847,000; 2010: $2,250,000) of which $639,000 (2011: $637,000; 2010: $1,704,000) was financed by means of finance lease and term loan. Cash payment of $160,000 (2011: $210,000; 2010: $546,000) was made to purchase property, plant and equipment.

The accompanying notes form an integral part of the combined financial statements.

ISOTEAM LTD.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the financial years ended 30 June 2010, 2011 and 2012

These notes form an integral part of and should be read in conjunction with the accompanying combined financial statements.

1 Corporate information

ISOTeam Pte. Ltd. (the "Company") (Co. Reg. No. 201230294M) was incorporated in Singapore on 12 December 2012 for the purpose of acquiring the existing companies pursuant to the restructuring exercise mentioned in note 2 below.

On 12 June 2013 the Company was converted into a public company limited by shares and changed the name to ISOTeam Ltd..

The registered office and principal place of business of the Company is at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in note 2.

The combined financial statements of the Group have been prepared solely for inclusion in the Offer Document of the Company dated 5 July 2013 in connection with the proposed initial public offering of the ordinary shares of the Company.

2 The Restructuring Exercise

A restructuring exercise was conducted to streamline and rationalise the Group structure and business activities ("Restructuring Exercise"). The following steps were carried out in the Restructuring Exercise:

(a) Incorporation of the Company

The Company was incorporated in Singapore on 12 December 2012 under the Singapore Companies Act as private company limited by shares with an issued and paid-up share capital of $3.00 comprising three shares held by Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye in equal proportion.

(b) Acquisition of Raymond Construction Pte Ltd ("Raymond Construction")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of Raymond Construction for a consideration of $4,749,828, after taking into account the divestment of Raymond Construction's interest in TMS Alliances at its cost of investment of $1,207,500 arising from the Restructuring Exercise as referred to in paragraph (d) below. The consideration was satisfied by the allotment and issue of 4,749,828 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of Raymond Construction.

2 The Restructuring Exercise (continued)

(c) Acquisition of ISO-Team Corporation Pte Ltd ("ISO-Team Corporation")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ISO-Team Corporation for a consideration of $5,605,791. The consideration was partially satisfied by the allotment and issue of 3,105,791 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of ISO-Team Corporation.

Of the remaining consideration of $2,500,000, $1,400,000 will be used to offset against the amounts owing by ADD Group Pte Ltd to Raymond Construction, ISO-Team Corporation and TMS Alliances. The balance $1,100,000 is to be satisfied by cash payment and will be paid to the then shareholders of ISO-Team Corporation within 6 months from the date of completion of the share exchange agreement. The Company will fund the cash payment through loans to be made by its subsidiaries.

(d) Acquisition of TMS Alliances Pte. Ltd. ("TMS Alliances")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of TMS Alliances for a consideration of $1,760,381. The consideration was satisfied by the allotment and issue of 1,760,381 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of TMS Alliances.

Raymond Construction further nominated ADD Investment Holding Pte Ltd to receive the 1,417,107 ordinary shares in the share capital of the Company at a consideration of $1,207,500 which was not on an arm's length basis as it was determined based on the cost of investment of Raymond Construction in TMS Alliances.

(e) Acquisition of ITG-Green Pte. Ltd. ("ITG-Green")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ITG-Green for a consideration of $1,790. The consideration was satisfied by the allotment and issue of 1,790 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of ITG-Green.

(f) Acquisition of ISO-Seal Waterproofing Pte. Ltd. ("ISO-Seal Waterproofing")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ISO-Seal Waterproofing for a consideration of $33,966. The consideration was satisfied by the allotment and issue of 33,966 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholder of ISO-Seal Waterproofing.

2 The Restructuring Exercise (continued)

Upon the completion of the Restructuring Exercise and at the date of this report, the Company has the following subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2010 %	2011 %	2012 %
Held by the Company				
ISO-Team Corporation Pte. Ltd. (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration Services	100	100	100
Raymond Construction Pte. Ltd. (Singapore)	Provision of Addition and Alteration services	100	100	100
TMS Alliances Pte. Ltd. (Singapore)	Provision of Repair and Redecoration services	100	100	100
ITG-Green Technologies Pte. Ltd. (Singapore)	Provision of eco-friendly solutions and products and products related to Repair and Redecoration and Addition and Alteration services	100	100	100
ISO-Seal Waterproofing Pte. Ltd. (Singapore)	Provision of reroofing and waterproofing services	100	100	100

3 Summary of significant accounting policies

(a) Basis of preparation

The combined financial statements of the Group are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) except when otherwise indicated. The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The combined financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The preparation of combined financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk resulting in material adjustment within next financial year, are disclosed in note 3(x) to the combined financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and amounts due from/to directors approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

During the financial years ended 30 June 2010, 2011 and 2012, the Group has adopted all new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the respective reporting periods. The adoption of these new and revised FRS and INT FRS has no any material effect on the combined financial statements.

New and revised FRS and INT FRS that have been issued but are not yet effective for the financial year ended 30 June 2012 have not been applied in preparing these combined financial statements. The Directors expect that the adoption of these new and revised FRS and INT FRS will have no material impact on the combined financial statements in the period of initial application.

(b) Basis of preparation of combined financial statements

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions including income expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

3 Summary of significant accounting policies (continued)

(b) Basis of preparation of combined financial statements (continued)

Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method.

The combined financial statements of the Group were prepared by applying the pooling of interest method as the restructuring exercise as described in Note 2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the completion of the restructuring exercise. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

– Assets and liabilities are reflected at their existing carrying amounts;

– No amount is recognised for goodwill;

– Prior to the issue of shares by the Company in connection with the restructuring exercise, the aggregate paid-up capital and accumulated profits of the subsidiaries held directly by the Company is shown as the Group's share capital and accumulated profits for financial years under review; and

– Upon the completion of the restructuring exercise, any difference between the consideration paid by the Company and the share capital and accumulated profits of the subsidiaries is reflected within the equity of the Group as merger reserve.

(c) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

3 Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the combined financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Furniture and fittings	5
Renovation	5
Office equipment and fittings	5
Site equipment and fittings	5
Motor vehicles	10
Gondolas and machineries	10
Computers	3
Leasehold properties	over the lease terms of 45 to 57 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

3 Summary of significant accounting policies (continued)

(e) Investment properties

Investment properties comprise those portions of leasehold properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the lease term of 48.5 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Construction contracts

The Group principally operates fixed price contracts. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

Costs incurred during the financial year in connection with future activity on a contract are shown as gross amount due from contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

The stage of completion is measured by reference to the professional's certification of value of work done to-date.

3 Summary of significant accounting policies (continued)

(f) Construction contracts (continued)

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers for contract work-in-progress. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers for contract work-in-progress.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

(g) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables", "amounts due from directors" and "cash and bank balances" on the combined statements of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

3 Summary of significant accounting policies (continued)

(g) Financial assets (continued)

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

(h) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3 Summary of significant accounting policies (continued)

(h) Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Financial liabilities

Financial liabilities include trade and other payables, bank borrowings, finance lease liabilities and amounts due to directors. Financial liabilities are recognised on the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3 Summary of significant accounting policies (continued)

(k) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(l) Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Revenue from construction contract is recognised by reference to the stage of completion of the contract activity at the reporting date (the percentage of completion method).

Service income is recognised after the services have been rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

(n) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the combined statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

3 Summary of significant accounting policies (continued)

(o) Leases

When the Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(p) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

3 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(q) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(r) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

3 Summary of significant accounting policies (continued)

(r) Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(s) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The combined financial statements of the Group are presented in Singapore dollars, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(t) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the combined financial statements in the period in which they are approved by the Company's shareholders.

(u) Cash and cash equivalents

For the purposes of presentation in the combined statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are readily convertible and subject to an insignificant risk of change in value excludes pledged deposits. Bank overdrafts are presented as current borrowings on the combined statement of financial position.

3 Summary of significant accounting policies (continued)

(v) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(x) Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax payables and deferred tax liabilities at 30 June 2012, 2011 and 2010 were $1,203,000, $969,000 and $912,000; and $59,000, $29,000 and $18,000 respectively.

3 Summary of significant accounting policies (continued)

(x) Key source of estimation uncertainty (continued)

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the reporting date are disclosed in note 25(a) to the combined financial statements.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at end of the reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the professional's certification of value of work done to-date.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relied on past experience and knowledge of the project managers. The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in note 13 to the combined financial statements.

Estimated useful lives of property, plant and equipment

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during the reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes.

3 Summary of significant accounting policies (continued)

(x) Key source of estimation uncertainty (continued)

Estimated useful lives of property, plant and equipment (continued)

During the financial year ended 30 June 2012, the Group revised the estimated useful lives of the following property, plant and equipment. The revision in estimate has been applied on a prospective basis from 1 July 2011. The effect of the revision on depreciation charge in current year and future periods are as follows:

	Before revision (Years)	Revised (Years)
Site equipment and fittings	3	5
Motor vehicles	5	10
Gondolas and machineries	5	10

	2012 $'000	2013 $'000	Future $'000
Site equipment and fittings	(11)	(15)	26
Motor vehicles	(81)	(61)	142
Gondolas and machineries	(79)	(110)	189

4 Revenue

	2010 $'000	2011 $'000	2012 $'000
Revenue from contracts	26,455	24,157	34,803
Revenue from other services	203	370	627
	26,658	24,527	35,430

5 Other income

	2010 $'000	2011 $'000	2012 $'000
Accounting income from related parties	30	30	30
Compensation from insurance claims	–	27	–
Government grants	84	13	32
Gain on disposal of property, plant and equipment	113	38	7
Gain on disposal of investment property	–	–	880
Interest income	6	5	5
Write off of trade payables	–	59	–
Sales of scrap materials	20	50	9
Rental income	148	190	112
Others	42	65	88
	443	477	1,163

6 Finance costs

	2010 $'000	2011 $'000	2012 $'000
Interest expense:			
– finance lease	27	46	52
– factoring loan	55	30	56
– term loan	79	119	100
– others	–	8	20
Bank charges	10	13	18
	171	216	246

7 Profit before tax

	2010 $'000	2011 $'000	2012 $'000
This is arrived at after charging:			
Audit fees paid to auditors of subsidiaries	36	49	58
Bad debts written off			
– a related party	45	–	–
– 3rd parties	28	45	–
Depreciation of investment property (note 12)	27	27	23
Depreciation of property, plant and equipment (note 11)	299	394	369
Rental expense	150	181	363
Personnel expenses (note 8)	3,393	3,182	4,517

8 Personnel expenses

	2010 $'000	2011 $'000	2012 $'000
Directors' remuneration:			
– Salaries and bonus	330	348	394
– CPF	23	23	26
– Fees	405	–	–
Key management staff:			
– Salaries and bonus	195	215	277
– CPF	22	24	31
– Other short-term benefits	120	–	–
Staff costs:			
– Salaries and bonus	1,574	1,686	2,025
– CPF	154	149	232
– Other short-term benefits	570	737	1,532
	3,393	3,182	4,517

9 Tax expense

	2010 $'000	2011 $'000	2012 $'000
Tax expense attributable to profits is made up of:			
Income tax:			
– Current year	366	98	392
– Under/(over) provision in prior years	24	(19)	–
Deferred tax:			
– Current year	10	11	30
– Under provision in prior years	53	–	–
	453	90	422

9 Tax expense (continued)

The income tax expense on the results of the financial years ended 30 June 2010, 2011 and 2012 varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

	2010 $'000	2011 $'000	2012 $'000
Profit before tax	2,583	238	3,376
Tax calculated at a tax rate of 17%	439	41	574
Singapore statutory stepped income exemption	(78)	(52)	(64)
Expenses not deductible for tax purposes	59	94	103
Income not subject to tax	(34)	(5)	(96)
Under/(over) provision of taxation in prior years	77	(19)	–
Deferred tax assets not recognised for the year	–	38	–
Utilisation of previously unrecognised deferred tax assets	–	–	(38)
Others	(10)	(7)	(57)
	453	90	422

10 Earnings per share

Basic earnings per share are calculated by dividing the Group's net profits attributable to equity holders of the Company by the aggregate number of pre-invitation ordinary shares of no par value.

The following reflects the profit attributable to the equity holders of the Company used in the earnings per share computation:

	2010 $'000	2011 $'000	2012 $'000
Profit attributable to equity holders of the Company	2,130	148	2,954
	'000	'000	'000
Aggregate number of pre-invitation ordinary shares (note 21)	86,866	86,866	86,866
Earnings per share (cents)			
– Basic and diluted	2.45	0.17	3.40

11 Property, plant and equipment

	Furniture and fittings $'000	Renovation $'000	Office equipment and fittings $'000	Site equipment and fittings $'000	Motor vehicles $'000	Gondolas and machineries $'000	Computers $'000	Leasehold properties $'000	Total $'000
2012									
Cost									
At 1.7.2011	1	543	40	284	1,371	1,606	46	4,960	8,851
Disposals	–	–	–	(139)	–	(13)	–	–	(152)
Additions	–	–	10	85	126	565	13	–	799
At 30.6.2012	1	543	50	230	1,497	2,158	59	4,960	9,498
Accumulated depreciation									
At 1.7.2011	1	376	22	255	891	1,194	28	218	2,985
Disposals	–	–	–	(139)	–	(1)	–	–	(140)
Depreciation charge	–	64	6	24	81	79	17	98	369
At 30.6.2012	1	440	28	140	972	1,272	45	316	3,214
Net carrying value									
At 30.6.2012	–	103	22	90	525	886	14	4,644	6,284
2011									
Cost									
At 1.7.2010	1	543	25	254	1,004	1,285	40	4,960	8,112
Disposals	–	–	–	–	(108)	–	–	–	(108)
Additions	–	–	15	30	475	321	6	–	847
At 30.6.2011	1	543	40	284	1,371	1,606	46	4,960	8,851
Accumulated depreciation									
At 1.7.2010	1	311	15	243	852	1,131	14	121	2,688
Disposals	–	–	–	–	(97)	–	–	–	(97)
Depreciation charge	–	65	7	12	136	63	14	97	394
At 30.6.2011	1	376	22	255	891	1,194	28	218	2,985
Net carrying value									
At 30.6.2011	–	167	18	29	480	412	18	4,742	5,866

11 Property, plant and equipment (continued)

	Furniture and fittings $'000	Renovation $'000	Office equipment and fittings $'000	Site equipment and fittings $'000	Motor vehicles $'000	Gondolas and machineries $'000	Computers $'000	Leasehold properties $'000	Total $'000
2010									
Cost									
At 1.7.2009	1	523	24	252	942	1,210	31	3,479	6,462
Disposals	–	–	–	–	–	–	–	(600)	(600)
Additions	–	20	1	2	62	75	9	2,081	2,250
At 30.6.2010	1	543	25	254	1,004	1,285	40	4,960	8,112
Accumulated depreciation									
At 1.7.2009	1	246	10	232	739	1,104	3	94	2,429
Disposals	–	–	–	–	–	–	–	(40)	(40)
Depreciation charge	–	65	5	11	113	27	11	67	299
At 30.6.2010	1	311	15	243	852	1,131	14	121	2,688
Net carrying value									
At 30.6.2010	–	232	10	11	152	154	26	4,839	5,424

The carrying amount of property, plant and equipment acquired under finance lease arrangement are as follows:

	2010 $'000	2011 $'000	2012 $'000
Motor vehicles	152	477	524
Gondolas and machineries	130	268	848
Office equipment and fittings	–	7	5
Site equipment and fittings	–	–	17
	282	752	1,394

The leasehold properties with carrying amounts of $4,644,000 (2011:$4,742,000; 2010: $4,839,000) are mortgaged to bank to secure banking facilities of the Group (note 19).

11 Property, plant and equipment (continued)

During the financial year ended 30 June 2012, the Group revised the estimated useful lives of the following property, plant and equipment. The revision in estimate has been applied on a prospective basis from 1 July 2011. The effect of the revision on depreciation charge in current year and future periods are as follows:

	Before revision (Years)	**Revised (Years)**
Site equipment and fittings	3	5
Motor vehicles	5	10
Gondolas and machineries	5	10

	2012 $'000	**2013 $'000**	**Future $'000**
Site equipment and fittings	(11)	(15)	26
Motor vehicles	(81)	(61)	142
Gondolas and machineries	(79)	(110)	189

12 Investment property

	2010 $'000	**2011 $'000**	**2012 $'000**
Cost			
At 1 July	1,300	1,300	1,300
Disposals	–	–	(1,300)
At 30 June	1,300	1,300	–
Accumulated depreciation			
At 1 July	53	80	107
Depreciation charge	27	27	23
Disposals	–	–	(130)
At 30 June	80	107	–
Net carrying value			
At 30 June	1,220	1,193	–

12 Investment property (continued)

The investment property was mortgaged to a financial institution to secure bank borrowings of the Group (note 19). The charge has been released upon the disposal of the investment property.

The following amounts are recognised in profit or loss:

	2010 $'000	2011 $'000	2012 $'000
Rental income	82	70	78
Direct operating expenses	47	53	46

On 25 May 2012, the investment property was disposed off for a consideration of $2,050,000. The gain on disposal of the investment property is disclosed in note 5 to the combined financial statements.

13 Due from/(to) customers for contract work-in-progress

	2010 $'000	2011 $'000	2012 $'000
Aggregate costs incurred to-date	14,851	12,228	22,920
Attributable profits recognised to-date	4,509	2,105	3,174
	19,360	14,333	26,094
Less: Progress billings	(18,099)	(13,078)	(24,284)
	1,261	1,255	1,810
Presented as:			
Due from customers for contract work-in-progress	1,373	1,619	3,069
Due to customers for contract work-in-progress	(112)	(364)	(1,259)
	1,261	1,255	1,810

14 Trade and other receivables

	2010 $'000	2011 $'000	2012 $'000
Trade receivables:			
– third parties	2,508	4,457	4,569
– related parties	758	40	108
Retention sums on contracts:			
– third parties	92	84	77
– related parties	228	114	100
GST receivables	–	5	1
Accrued progress billings	1,306	2,164	5,782
Sundry deposits	106	211	163
Sundry receivables:			
– third parties	183	151	158
– a related party	463	865	1,316
– a director of a subsidiary	15	10	10
	5,659	8,101	12,284

The non-trade amount from a related party is unsecured, interest-free and repayable on demand.

As at reporting date, the total gross trade receivables amounted to $2,400,000 (2011: $Nil; 2010: $Nil) were factored out to banks with recourse. The Group did not derecognised the assets until the recourse period has expired and the risk and rewards of these receivables have been fully transferred.

15 Amounts due from/to directors

The amounts due from/to directors are interest-free, non-trade in nature, unsecured and repayable/payable on demand.

16 Cash and bank balances

	2010 $'000	2011 $'000	2012 $'000
Cash in hand and at bank	5,204	2,539	3,328
Fixed deposits	943	944	2,146
	6,147	3,483	5,474

16 Cash and bank balances (continued)

Fixed deposits placed with the reputable financial institution and matured within 3 to 10 months (2011: 3 to 16 months; 2010: 3 to 26 months) from the reporting date. The effective interest rates ranging from 0.05% to 1.00% (2011: 0.35% to 1.00%; 2010: 0.45% to 1.00%) per annum.

Fixed deposits include an amount of $1,346,000 (2011: $944,000 and 2010: $943,000) which have been pledged to banks as collateral for bank borrowings (note 19).

17 Finance lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
	2010	2011	2012	2010	2011	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 financial year	169	298	505	147	349	479
Within 2 to 5 financial years	241	531	713	217	380	644
After 5 financial years	49	78	28	45	81	27
Total minimum lease payments	459	907	1,246	409	810	1,150
Less future finance charges	(50)	(97)	(96)	–	–	–
	409	810	1,150	409	810	1,150

	2010	2011	2012
Representing finance lease liabilities:			
– Current	147	349	479
– Non-current	262	461	671
	409	810	1,150

The finance leases bear effective rate of interest between 3.53% to 8.41% (2011: 3.53% to 8.41%; 2010: 3.53% to 8.20%) per annum respectively.

The Company's directors have provided personal guarantees for certain of the finance lease liabilities.

The fair values of the finance lease obligations approximate their carrying amounts.

18 Deferred tax liabilities

The movements in the deferred tax liabilities are as follows:

	2010	2011	2012
	$'000	$'000	$'000
At 1 July	(45)	18	29
Tax charged to profit or loss	63	11	30
At 30 June	18	29	59

The deferred income tax liabilities on temporary differences recognised in the combined financial statements are in respect of tax effects arising from excess of carrying amount over tax written down value of property, plant and equipment.

19 Bank borrowings

	2010	2011	2012
	$'000	$'000	$'000
Term loan I	208	166	–
Term loan II	1,585	1,441	1,292
Term loan III	1,480	1,336	–
Term loan IV	–	–	1,170
Factoring loan	4	3	1,303
Bank overdrafts	–	199	–
	3,277	3,145	3,765

Term loan I

Term loan I is repayable over a period of 13 years commencing from July 2001 at an interest rate of 1.00% above the bank's prime rate per annum. The effective interest rate is 6.50% for 3 respective financial year. The term loan was secured by:

(i) A legal mortgage (open) over the Group's leasehold properties (note 11); and

(ii) Joint and several guarantee by the Company's directors amounted to $1,191,000.

Term loan I has been fully settled during the financial year ended 30 June 2012.

Term Loan II

Term loan II is repayable over a period of 10 years commencing from March 2010. The interest rate are fixed at 1.50% above 3 month SGD Cost of Fund Rate per annum. The term loan is secured by:

(i) Fresh all monies first legal mortgage over the Group's leasehold properties (note 11).

(ii) Corporate guarantee from a director's related company; and

(iii) Personal guarantee from the Company's directors.

19 Bank borrowings (continued)

Term Loan III

Term loan III beared interest rate at 0.95% and 0.05% below the bank's commercial financing rate for the 1st and 2nd year and 0.75% below the bank's commercial financing rate for the rest of the term. The term loan was secured by:

(i) A legal mortgage over the Group's leasehold properties (note 11);

(ii) Fixed deposits placed with the banker (note 16); and

(iii) Joint and several guarantee by the Company's directors.

Term loan III has been fully settled during the financial year ended 30 June 2012.

Term Loan IV

Term loan IV is bearing interest at:

1st – 4th periods: prevailing 3 month SIBOR plus 1.28%

5th – 8th periods: prevailing 3 month SIBOR plus 1.68%

9th period and thereafter: prevailing 3 month SIBOR plus 3.00%

The term loan is secured by:

(i) A legal mortgage over the Group's leasehold properties (note 11); and

(ii) Joint and several guarantee by the Company's directors.

All the term loans are callable term loan and therefore the term loans are classified under current liabilities.

Factoring loan

Factoring loan is secured by the same manner as term loan IV and a joint and several guarantee by the directors of the Company which amounted to $2,500,000.

Bank overdrafts

The bank overdrafts beared effective interest of Nil% (2011: 6.17% and 2010: Nil%) and secured by the same manner as term loan I.

20 Trade and other payables

	2010 $'000	2011 $'000	2012 $'000
Trade payables:			
– third parties	1,759	2,356	3,843
– related parties	885	465	646
GST payables	223	399	479
Retention payables:			
– third parties	883	920	1,321
– related parties	134	97	103
Other payables:			
– third parties	142	152	153
– directors of subsidiaries	75	–	–
Deposits received	38	41	18
Accrued operating expenses	889	333	419
	5,028	4,763	6,982

The non-trade amount due to directors of subsidiaries is unsecured, interest-free and payable on demand.

21 Share capital

	2010 $'000	2011 $'000	2012 $'000
At date of incorporation/1 July	4,793	4,793	4,803
Issuance of ordinary shares on incorporation of subsidiary	–	10	10
At 30 June	4,793	4,803	4,813

For the purpose of the combined financial statements, the share capital represent the aggregate paid up capital of the Company and its subsidiaries less shares of TMS Alliances Pte. Ltd. held by Raymond Construction Pte Ltd.

Pursuant to the written resolutions dated 5 June 2013, the shareholders approved, inter alia, the following:

(a) the allotment and issue of 9,651,756 shares in the share capital of the Company pursuant to the Restructuring Exercise; and

(b) the sub-division of 9,651,759 shares in the issued and paid capital of the Company into 86,865,831 shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

22 Contingent liability

The Group has provided bankers' guarantees of $76,000 (2011: $Nil and 2010: $Nil) on the performance for some contracts.

23 Related parties transactions

In addition to the information disclosed elsewhere in the combined financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

	2010 $'000	2011 $'000	2012 $'000
Income			
Sales to related parties	(1,948)	(357)	(64)
Accounting income from related parties	(30)	(30)	(30)
Rental income from related parties	(28)	(14)	(14)
Expenses			
Insurance paid to related parties	21	18	3
Purchases from related parties	673	744	1,049
Sub-contractors' claim paid to related parties	1,695	235	620
Testing fee paid to related parties	126	98	134
Bad debts written off	45	–	–
Other expenses – paid to related parties	16	3	–
Others			
Advance to a related party (non-trade)	238	148	231
Payment on behalf of related parties	545	202	484

24 Operating lease commitments

The Group leases various offices, warehouses and staff's accommodation from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and have tenure of more than one year with renewal options.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2010 $'000	2011 $'000	2012 $'000
Not later than one year	124	164	452
Between two and five years	81	39	31
	205	203	483

Lease terms do not contain restrictions in the Group's activities concerning dividends, additional debt or further leasing.

25 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	2010 $'000	2011 $'000	2012 $'000
Financial assets			
Loans and receivables			
Trade and other receivables	5,659	8,101	12,284
Amounts due from directors	–	–	60
Cash and bank balances	6,147	3,483	5,474
	11,806	11,584	17,818
Financial liabilities			
At amortised cost			
Trade and other payables	5,028	4,763	6,982
Finance lease liabilities	409	810	1,150
Amounts due to directors	1,145	1,027	634
Bank borrowings	3,202	3,145	3,765
	9,784	9,745	12,531

(b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group does not have exposure to foreign currency risk as its transactions are mainly in Singapore dollars.

25 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent on changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for fixed deposits (note 16), finance lease liabilities (note 17) and bank borrowings (note 19). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates has no significant impact on the Group's profit or loss.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

The Group's trade receivables comprise 3 debtors (2011: 3 debtors; 2010: 3 debtors) that represented approximately 25% (2011: 36%; 2010: 37%) of the trade receivables.

The carrying amounts of the financial assets presented on the combined statements of financial position represent the Group's maximum exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially corporate customers with good collection track record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

25 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

The table below is an ageing analysis of trade receivables of the Group:

	2010 $'000	2011 $'000	2012 $'000
Not past due and not impaired	3,683	4,764	9,204
Past due but not impaired	1,209	2,100	1,433
	4,892	6,864	10,637

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	2010 $'000	2011 $'000	2012 $'000
Past due < 60 days	544	1,254	912
Past due 61 to 120 days	99	328	2
Past due over 121 days	566	518	519
	1,209	2,100	1,433

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

25 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Repayable on demand or within 1 year $'000	Within 2 to 5 years $'000	Over 5 years $'000	Total $'000
At 30 June 2010				
Trade and other payables	5,028	–	–	5,028
Finance lease liabilities	169	241	49	459
Amounts due to directors	1,070	–	–	1,070
Bank borrowings	452	1,772	1,674	3,898
	6,719	2,013	1,723	10,455
At 30 June 2011				
Trade and other payables	4,763	–	–	4,763
Finance lease liabilities	298	531	78	907
Amounts due to directors	1,027	–	–	1,027
Bank borrowings	656	1,723	1,281	3,660
	6,744	2,254	1,359	10,357
At 30 June 2012				
Trade and other payables	6,982	–	–	6,982
Finance lease liabilities	505	713	28	1,246
Amounts due to directors	634	–	–	634
Bank borrowings	1,600	1,281	1,225	4,106
Financial guarantee contract	76	–	–	76
	9,797	1,994	1,253	13,044

25 Financial instruments (continued)

(c) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities recorded in the combined financial statements of the Group approximate their fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

26 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The capital of the Group mainly consists of equity holders of the Company comprising share capital, accumulated profits and merger reserve. The Group's overall strategy remains unchanged from 2009.

The Group are in compliance with all externally imposed capital requirements for financial years ended 30 June 2010, 2011 and 2012.

27 Segment information

The Group is organised into business units based on nature of the projects for management purposes. The reportable segments are revenue from Addition and Alteration ("A&A") and Repair and Redecoration ("R&R").

A&A focuses mainly on structural works and infrastructure works.

R&R focuses mainly on non-structural construction, improvements and routine maintenance works.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	A&A			R&R			Total		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	9,865	10,629	18,836	16,793	13,898	16,594	26,658	24,527	35,430
Segment profits	2,782	1,091	3,330	3,321	2,453	3,088	6,103	3,544	6,418
Segment assets	1,663	3,911	7,298	4,602	4,572	6,408	6,265	8,483	13,706
Unallocated assets							13,558	11,779	13,465
Total assets							19,823	20,262	27,171
Segment liabilities	103	215	777	9	149	482	112	364	1,259
Unallocated liabilities							10,714	10,743	13,793
Total liabilities							10,826	11,107	15,052
Other segments items									
Capital expenditure property, plant and equipment							2,250	847	799
Depreciation of property, plant and equipment							299	394	369
Depreciation of investment property							27	27	23

27 Segment information (continued)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the combined financial statements. Interest income, other income, finance costs, general and administrative expenses and marketing and distribution expenses are not allocated to segments as the Group financing and administrative functions are managed on a group basis.

A reconciliation of segment profits to the combined profit before tax is as follows:

	2010 $'000	2011 $'000	2012 $'000
Segment profits	6,103	3,544	6,418
Interest income	6	5	5
Unallocated corporate expenses	(3,526)	(3,311)	(3,047)
Profit before tax	2,583	238	3,376

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the combined financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment, investment property, other receivables, amounts due from directors and cash and bank balances.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the combined financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than bank borrowings, trade and other payables, finance lease liabilities, amounts due to directors, deferred tax liabilities and tax payables are classified as unallocated liabilities.

Information about major customers

Revenue of approximately $25,070,000 (2011: $17,513,000; 2010: $20,912,000) which amounts to more than 10% of the Group's revenue are derived from 5 (2011: 5; 2010: 5) external customers and are attributable to the residential projects segment.

Geographical information

The Group's revenues from external customers derived solely from customers in Singapore. The non-current assets of the Group are all located in Singapore.

28 Subsequent events

(a) On 30 January 2013, the Group completed the disposal of its leasehold property located at 41 Kaki Bukit Place, Singapore 416219 with carrying value of $1.95 million for a net consideration of $6.13 million.

(b) On 18 April 2013, a subsidiary of the Group issued bonus shares amounting to $2.5 million by way of capitalisation of its accumulated profits.

(c) On 9 June 2013, the Company declared one-tier tax exempt interim dividend amounting to $1,000,000 in respect of the financial year ending 30 June 2013.

29 Authorisation of combined financial statements

The combined financial statements of the Group for the financial years ended 30 June 2010, 2011 and 2012 were authorised for issue in accordance with a resolution of the directors dated 5 July 2013.

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ISOTEAM LTD.
(Co. Reg. No. 201230294M)

INTERIM COMBINED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS ENDED
31 DECEMBER 2012

ISOTEAM LTD.

STATEMENT BY DIRECTORS

In the opinion of the directors:

(i) the interim combined financial statements of the Group as set out on pages B-4 to B-45 are drawn up so as to present fairly, in all material aspects of the state of affairs of the Group as at 31 December 2012 and of the results, changes in equity and cash flows of the Group for the six-months period ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Ng Cheng Lian Director	Koh Thong Huat Director

5 July 2013

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTHS ENDED 31 DECEMBER 2012

The Board of Directors
ISOTeam Ltd.
No. 57 Kaki Bukit Place
Eunos Techpark
Singapore 416231

Dear Sirs,

Report on Review of Interim Combined Financial Statements

We have reviewed the accompanying interim combined financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages B-4 to B-45, which comprise the interim combined statements of financial position of the Group as at 31 December 2012, and the interim combined statement of comprehensive income, interim combined statement of changes in equity and interim combined statement of cash flows of the Group for the six-months period ended 31 December 2012, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim combined financial statements in accordance with Singapore Financial Reporting Standard FRS 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these interim combined financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim combined financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and of its financial performance and its cash flows and changes in equity for the six-months period then ended in accordance with FRS 34.

This Report has been prepared solely for inclusion in the Offer Document of the Company dated 5 July 2013 in connection with the initial public offering of ordinary shares of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore

Partner: Ong Kian Guan

5 July 2013

ISOTEAM LTD.

INTERIM COMBINED STATEMENT OF COMPREHENSIVE INCOME
For the six-months period ended 31 December 2012

	Note	Six-months period ended 31 December 2011 $'000 (Unaudited)	Six-months period ended 31 December 2012 $'000 (Unaudited)
Revenue	4	16,052	22,088
Cost of sales		(12,452)	(18,182)
Gross profit		3,600	3,906
Other income	5	167	247
Marketing and distribution expenses		(233)	(331)
General and administrative expenses		(1,861)	(2,049)
Finance costs	6	(101)	(160)
Profit before tax	7	1,572	1,613
Tax expense	9	(205)	(296)
Profit and total comprehensive income for the period attributable to equity holders of the Company		1,367	1,317
Earnings per share			
Basic and diluted (cents)	10	1.57	1.52

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

INTERIM COMBINED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Non-current assets			
Property, plant and equipment	11	6,284	4,324
Investment property	12	–	–
Investment securities	13	–	400
Total non-current assets		6,284	4,724
Current assets			
Due from customers for contract work-in-progress	14	3,069	2,593
Trade and other receivables	15	12,284	12,635
Amounts due from directors	16	60	–
Cash and bank balances	17	5,474	4,229
		20,887	19,457
Asset held-for-sale	18	–	1,953
Total current assets		20,887	21,410
Total assets		27,171	26,134
Non-current liabilities			
Finance lease liabilities	19	671	539
Deferred tax liabilities	20	59	59
Total non-current liabilities		730	598
Current liabilities			
Due to customers for contract work-in-progress	14	1,259	740
Bank borrowings	21	3,765	3,102
Trade and other payables	22	6,982	9,024
Finance lease liabilities	19	479	479
Amounts due to directors	16	634	–
Tax payables		1,203	1,255
Total current liabilities		14,322	14,600
Total liabilities		15,052	15,198
Net assets		12,119	10,936
Share capital and reserves			
Share capital	23	4,813	9,651
Accumulated profits		7,306	8,623
Merger reserve	24	–	(7,338)
Total equity		12,119	10,936

The accompanying notes form an integral part of the interim combined financial statements.

ISOTEAM LTD.

INTERIM COMBINED STATEMENT OF CHANGES IN EQUITY
For the six-months period ended 31 December 2012

	Share capital $'000	Accumulated profits $'000	Merger reserve $'000	Total equity $'000
(Unaudited)				
At 1.7.2011	4,803	4,352	–	9,155
Profit and total comprehensive income for the period	–	1,367	–	1,367
Issuance of ordinary shares on incorporation of subsidiary	10	–	–	10
At 31.12.2011	4,813	5,719	–	10,532
(Unaudited)				
At 1.7.2012	4,813	7,306	–	12,119
Profit and total comprehensive income for the period	–	1,317	–	1,317
Adjustment resulting from restructuring exercise	–	–	(7,338)	(7,338)
Issuance of ordinary shares due to restructuring exercise	4,838	–	–	4,838
At 31.12.2012	9,651	8,623	(7,338)	10,936

The accompanying notes form an integral part of the interim combined financial statements.

ISOTEAM LTD.

INTERIM COMBINED STATEMENTS OF CASH FLOWS
For the six-months period ended 31 December 2011 and 31 December 2012

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	1,572	1,613
Adjustments for:		
Depreciation of property, plant and equipment	187	199
Depreciation of investment property	14	–
Property, plant and equipment write off	–	51
Interest income	(3)	(1)
Interest expense	97	155
Operating profit before working capital changes	1,867	2,017
Due from/(to) customers for contract work-in-progress	(1,235)	(43)
Trade and other receivables	(2,086)	(1,677)
Trade and other payables	2,342	787
Cash generated from operations	888	1,084
Interest paid	(97)	(155)
Interest received	3	1
Tax paid	(170)	(244)
Net cash generated from operating activities	624	686
Cash flows from investing activities		
Purchases of property, plant and equipment (note A)	(69)	(144)
Purchase of investment securities	–	(400)
Net cash used in investing activities	(69)	(544)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	10	–
Fixed deposits pledged to bank	(1)	(344)
Drawndown of bank borrowings	661	–
Due (to)/from related parties (non-trade)	(263)	71
Due to directors	(573)	(564)
Repayment of bank borrowings	(226)	(663)
Repayment of finance lease	(179)	(231)
Net cash used in financing activities	(571)	(1,731)
Net decrease in cash and cash equivalents	(16)	(1,589)
Cash and cash equivalents at beginning of financial year	2,340	4,128
Cash and cash equivalents at end of financial year	2,324	2,539

INTERIM COMBINED STATEMENTS OF CASH FLOWS (continued)
For the six-month period ended 31 December 2011 and 31 December 2012

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following:

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
Cash in hand and at bank	1,930	2,539
Fixed deposits	1,745	1,690
	3,675	4,229
Less Fixed deposits pledged	(945)	(1,690)
Bank overdrafts	(406)	–
	2,324	2,539

Note A

The Group acquired property, plant and equipment with an aggregate cost of $243,000 (31.12.2011: $258,000) of which $99,000 (31.12.2011: $189,000) was financed by means of finance lease. Cash payment of $144,000 (31.12.2011: $69,000) was made to purchase property, plant and equipment.

The accompanying notes form an integral part of the interim combined financial statements.

ISOTEAM LTD.

NOTES TO THE INTERIM COMBINED FINANCIAL STATEMENTS
For the six-months period ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying interim combined financial statements.

1 Corporate information

ISOTeam Pte. Ltd. (the "Company") (Co. Reg. No. 201230294M) was incorporated in Singapore on 12 December 2012 for the purpose of acquiring the existing companies pursuant to the restructuring exercise mentioned in note 2 below.

On 12 June 2013 the Company was converted into a public company limited by shares and changed the name to ISOTeam Ltd..

The registered office and principal place of business of the Company is at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in note 2.

The interim combined financial statements of the Group have been prepared solely for inclusion in the Offer Document of the Company dated 5 July 2013 in connection with the proposed initial public offering of the ordinary shares of the Company.

2 The Restructuring Exercise

A restructuring exercise was conducted to streamline and rationalise the Group structure and business activities ("Restructuring Exercise"). The following steps were carried out in the Restructuring Exercise:

(a) Incorporation of the Company

The Company was incorporated in Singapore on 12 December 2012 under the Singapore Companies Act as a private company limited by shares with an issued and paid-up share capital of $3.00 comprising three shares held by Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye in equal proportion.

(b) Acquisition of Raymond Construction Pte Ltd ("Raymond Construction")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of Raymond Construction for a consideration of $4,749,828, after taking into account the divestment of Raymond Construction's interest in TMS Alliances at its cost of investment of $1,207,500 arising from the Restructuring Exercise as referred to in paragraph (d) below. The consideration was satisfied by the allotment and issue of 4,749,828 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of Raymond Construction.

2 The Restructuring Exercise (continued)

(c) Acquisition of ISO-Team Corporation Pte Ltd ("ISO-Team Corporation")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ISO-Team Corporation for a consideration of $5,605,791. The consideration was partially satisfied by the allotment and issue of 3,105,791 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of ISO-Team Corporation.

Of the remaining consideration of $2,500,000, $1,400,000 will be used to offset against the amounts owing by ADD Group Pte Ltd to Raymond Construction, ISO-Team Corporation and TMS Alliances. The balance $1,100,000 is to be satisfied by cash payment and will be paid to the then shareholders of ISO-Team Corporation within 6 months from the date of completion of the share exchange agreement. The Company will fund the cash payment through loans to be made by its subsidiaries.

(d) Acquisition of TMS Alliances Pte. Ltd. ("TMS Alliances")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of TMS Alliances for a consideration of $1,760,381. The consideration was satisfied by the allotment and issue of 1,760,381 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of TMS Alliances.

Raymond Construction further nominated ADD Investment Holding Pte Ltd to receive the 1,417,107 ordinary shares in the share capital of the Company at a consideration of $1,207,500 which was not on an arm's length basis as it was determined based on the cost of investment of Raymond Construction in TMS Alliances.

(e) Acquisition of ITG-Green Pte. Ltd. ("ITG-Green")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ITG-Green for a consideration of $1,790. The consideration was satisfied by the allotment and issue of 1,790 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholders of ITG-Green.

(f) Acquisition of ISO-Seal Waterproofing Pte. Ltd. ("ISO-Seal Waterproofing")

Pursuant to a share exchange agreement dated 28 May 2013, the Company acquired the entire issued share capital of ISO-Seal Waterproofing for a consideration of $33,966. The consideration was satisfied by the allotment and issue of 33,966 new ordinary shares in the share capital of the Company at the issue price of $1.00 per share to the then shareholder of ISO-Seal Waterproofing.

2 The Restructuring Exercise (continued)

Upon the completion of the Restructuring Exercise and at the date of this report, the Company has the following subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2010 %	2011 %	2012 %
Held by the Company				
ISO-Team Corporation Pte. Ltd. (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration Services	100	100	100
Raymond Construction Pte. Ltd. (Singapore)	Provision of Addition and Alteration services	100	100	100
TMS Alliances Pte. Ltd. (Singapore)	Provision of Repair and Redecoration Services	100	100	100
ITG-Green Technologies Pte. Ltd. (Singapore)	Provision of eco-friendly solutions and products and products related to Repair and Redecoration and Addition and Alteration services	100	100	100
ISO-Seal Waterproofing Pte. Ltd. (Singapore)	Provision of reroofing and waterproofing services	100	100	100

3 Summary of significant accounting policies

(a) Basis of preparation

The interim combined financial statements of the Group are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) except when otherwise indicated. The interim combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The interim combined financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of interim combined financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim combined financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

3 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk resulting in material adjustment within next financial year, are disclosed in note 3(y) to the interim combined financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and amounts due from/to directors approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

During the financial period ended 31 December 2012, the Group has adopted all new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the respective reporting periods. The adoption of these new and revised FRS and INT FRS has no any material effect on the interim combined financial statements.

New and revised FRS and INT FRS that have been issued but are not yet effective for the financial period ended 31 December 2012 have not been applied in preparing these interim combined financial statements. The directors expect that the adoption of these new and revised FRS and INT FRS will have no material impact on the interim combined financial statements in the period of initial application.

(b) Basis of preparation of interim combined financial statements

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions including income expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method.

3 Summary of significant accounting policies (continued)

(b) Basis of preparation of interim combined financial statements (continued)

The combined financial statements of the Group were prepared by applying the pooling of interest method as the restructuring exercise as described in note 2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the completion of the restructuring exercise. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

– Assets and liabilities are reflected at their existing carrying amounts;

– No amount is recognised for goodwill;

– Prior to the issue of shares by the Company in connection with the restructuring exercise, the aggregate paid-up capital and accumulated profits of the subsidiaries held directly by the Company is shown as the Group's share capital and accumulated profits for financial years under review; and

– Upon the completion of the restructuring exercise, any difference between the consideration paid by the Company and the share capital and accumulated profits of the subsidiaries is reflected within the equity of the Group as merger reserve.

(c) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

(d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

3 Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the interim combined financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Furniture and fittings	5
Renovation	5
Office equipment and fittings	5
Site equipment and fittings	5
Motor vehicle	10
Gondolas and machineries	10
Computers	3
Leasehold properties	over the lease terms of 45 to 57 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(e) Investment properties

Investment properties comprise those portions of leasehold properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the lease term of 48.5 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

3 Summary of significant accounting policies (continued)

(e) Investment properties (continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Construction contracts

The Group principally operates fixed price contracts. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

Costs incurred during the financial period in connection with future activity on a contract are shown as "Due from contract work-in-progress" on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

The stage of completion is measured by reference to the professional's certification of value of work done to-date.

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers for contract work-in-progress. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers for contract work-in-progress.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

3 Summary of significant accounting policies (continued)

(g) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables", "amounts due from directors" and "cash and bank balances" on the interim combined statements of financial position.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

Initial measurement

Loans and receivables and held-to-maturity financial asset are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

3 Summary of significant accounting policies (continued)

(g) Financial assets (continued)

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Financial assets, held-to-maturity

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment and the impairment loss is recognised in profit or loss. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in profit or loss in the period in which the impairment occurs.

Impairment loss is reversed through the profit or loss if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3 Summary of significant accounting policies (continued)

(h) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Asset held for sale

Assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell these assets if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The assets are not depreciated or amortised while they are classified as held for sale.

3 Summary of significant accounting policies (continued)

(j) Financial liabilities

Financial liabilities include trade and other payables, bank borrowings, finance lease liabilities and amounts due to directors. Financial liabilities are recognised on the interim combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(l) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(m) Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Revenue from construction contract is recognised by reference to the stage of completion of the contract activity at the reporting date (percentage-of-completion method).

Service income is recognised after the services have been rendered.

3 Summary of significant accounting policies (continued)

(n) Revenue recognition (continued)

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

(o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the interim combined statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(p) Leases

When the Group entity is the lessee:

Finance leases

Leases of property, plant and equipment which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3 Summary of significant accounting policies (continued)

(p) Leases (continued)

When a Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(q) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(r) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(s) Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

3 Summary of significant accounting policies (continued)

(s) Income taxes (continued)

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the interim combined financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(t) Functional and foreign currencies

Functional and presentation currency

Items included in the interim combined financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The interim combined financial statements of the Group are presented in Singapore dollars, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

3 Summary of significant accounting policies (continued)

(u) Dividends

Interim dividends are recorded during the financial period in which they are declared payable. Final dividends are recorded in the interim combined financial statements in the period in which they are approved by the Company's shareholders.

(v) Cash and cash equivalents

For the purposes of presentation in the interim combined statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, deposits with financial institutions which are readily convertible and subject to an insignificant risk of change in value excludes pledged deposits. Bank overdrafts are presented as current borrowings on the interim combined statement of financial position.

(w) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(y) Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 Summary of significant accounting policies (continued)

(y) Key source of estimation uncertainty (continued)

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax payable and deferred tax liabilities at 31 December 2012 and 30 June 2012 were $1,255,000 and $1,203,000; and $59,000 and $59,000.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the reporting date are disclosed in note 28(a) to the interim combined financial statements.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at end of the reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the professional's certification of value of work done to-date.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relied on past experience and knowledge of the project managers. The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in note 14 to the interim combined financial statements.

3 Summary of significant accounting policies (continued)

(y) Key source of estimation uncertainty (continued)

Estimated useful lives of property, plant and equipment

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes.

During the financial year ended 30 June 2012, the Group revised the estimated useful lives of the following property, plant and equipment. The revision in estimate has been applied on a prospective basis from 1 July 2011. The effect of the revision on depreciation charge in current year and future periods are as follows:

	Before revision (Years)	Revised (Years)
Site equipment and fittings	3	5
Motor vehicles	5	10
Gondolas and machineries	5	10

	2012 $'000	2013 $'000	Future $'000
Site equipment and fittings	(11)	(15)	26
Motor vehicles	(81)	(61)	142
Gondolas and machineries	(79)	(110)	189

4 Revenue

	Six-months period ended 31 December	
	2011 $'000 (Unaudited)	2012 $'000 (Unaudited)
Revenue from contracts	15,682	21,739
Revenue from other services	370	349
	16,052	22,088

5 Other income

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	**(Unaudited)**
Accounting income from related parties	15	15
Administrative income from a related party	–	66
Government grants	12	7
Interest income	3	1
Sales of scrap materials	3	14
Rental income	71	56
Others	63	88
	167	247

6 Finance costs

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	**(Unaudited)**
Interest expense		
-finance lease	26	28
-factoring loan	17	95
-term loan	52	27
-other	2	5
Bank charges	4	5
	101	160

7 Profit before tax

	Six-months period ended 31 December	
	2011	2012
	$'000	$'000
	(Unaudited)	(Unaudited)
This is arrived at after charging:		
Audit fees paid to auditors of subsidiaries	26	25
Depreciation of investment properties	14	–
Depreciation of property, plant and equipment	187	199
Property, plant and equipment write-off	–	51
Rental expense	174	221
Personnel expenses (note 8)	2,312	2,354

8 Personnel expenses

	Six-months period ended 31 December	
	2011	2012
	$'000	$'000
	(Unaudited)	(Unaudited)
Directors' remuneration:		
-Salaries and bonus	178	246
-CPF	14	18
Key management staff:		
-Salaries and bonus	77	140
-CPF	10	17
Staff costs:		
-Salaries and bonus	1,181	911
-CPF	92	85
-Other short-term benefits	760	937
	2,312	2,354

9 Tax expense

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	**(Unaudited)**
Tax expense attributable to profits is made up of:		
Current period		
-Income tax	175	296
-Deferred tax	30	–
	205	296

The income tax expense on the results of the financial periods ended 31 December 2011 and 2012 varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	**(Unaudited)**
Profit before tax	1,572	1,613
Tax calculated at a tax rate of 17%	268	274
Singapore statutory stepped income exemption	(67)	(70)
Expenses not deductible for tax purposes	109	117
Income not subject to tax	(2)	(1)
Deferred tax assets not recognised for the period	1	4
Utilisation of previously unrecognised deferred tax assets	(38)	–
Tax rebate	(46)	–
Others	(20)	(28)
	205	296

10 Earnings per share

Basic earnings per share are calculated by dividing the Group's net profits attributable to equity holders of the Company by the aggregate number of pre-invitation ordinary shares of no par value.

The following reflects the profit attributable to the equity holders of the Company used in the earnings per share computation:

	Six-months period ended 31 December	
	2011	2012
	$'000	$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	1,367	1,317
	'000	'000
Aggregate number of pre-invitation ordinary shares (note 23)	86,866	86,866
Earnings per share (cents)		
– Basic and diluted	1.57	1.52

11 Property, plant and equipment

	Furniture and fittings	Renovation	Office equipment and fittings	Site equipment and fittings	Motor vehicles	Gondolas and machineries	Computers	Leasehold properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(Audited)									
30.6.2012									
Cost									
At 1.7.2011	1	543	40	284	1,371	1,606	46	4,960	8,851
Disposals	–	–	–	(139)	–	(13)	–	–	(152)
Additions	–	–	10	85	126	565	13	–	799
At 30.6.2012	1	543	50	230	1,497	2,158	59	4,960	9,498
Accumulated depreciation									
At 1.7.2011	1	376	22	255	891	1,194	28	218	2,985
Disposals	–	–	–	(139)	–	(1)	–	–	(140)
Depreciation charge	–	64	6	24	81	79	17	98	369
At 30.6.2012	1	440	28	140	972	1,272	45	316	3,214
Net carrying value									
At 30.6.2012	–	103	22	90	525	886	14	4,644	6,284

11 Property, plant and equipment (continued)

	Furniture and fittings	Renovation	Office equipment and fittings	Site equipment and fittings	Motor vehicles	Gondolas and machineries	Computers	Leasehold properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(Unaudited)									
31.12.2012									
Cost									
At 1.7.2012	1	543	50	230	1,497	2,158	59	4,960	9,498
Additions	–	44	13	3	52	73	58	–	243
Write off	–	–	(13)	(7)	–	(156)	(6)	–	(182)
Transfer to non-current assets held for sale	–	–	–	–	–	–	–	(2,081)	(2,081)
At 31.12.2012	1	587	50	226	1,549	2,075	111	2,879	7,478
Accumulated depreciation									
At 1.7.2012	1	440	28	140	972	1,272	45	316	3,214
Depreciation charge	–	33	4	17	45	43	8	49	199
Write off	–	–	(13)	(7)	–	(107)	(4)	–	(131)
Transferred to non-current assets held for sale	–	–	–	–	–	–	–	(128)	(128)
At 31.12.2012	1	473	19	150	1,017	1,208	49	237	3,154
Net carrying Value									
At 31.12.2012	–	114	31	76	532	867	62	2,642	4,324

The carrying amount of property, plant and equipment acquired under finance lease arrangement are as follows:

	30.6.2012	31.12.2012
	$'000	$'000
	(Audited)	(Unaudited)
Motor vehicles	524	521
Gondolas and machineries	848	804
Office equipment and fittings	5	4
Site equipment and fittings	17	14
	1,394	1,343

The leasehold properties with carrying amounts of $2,642,000 (30.6.2012: $4,644,000) are mortgaged to bank to secure banking facilities of the Group (note 21).

11 Property, plant and equipment (continued)

During the financial year ended 30 June 2012, the Group revised the estimated useful lives of the following property, plant and equipment. The revision in estimate has been applied on a prospective basis from 1 July 2011. The effect of the revision on depreciation charge in current year and future periods are as follows:

	Before revision (Years)	Revised (Years)
Site equipment and fittings	3	5
Motor vehicles	5	10
Gondolas and machineries	5	10

	2012 $'000	2013 $'000	Future $'000
Site equipment and fittings	(11)	(15)	26
Motor vehicles	(81)	(61)	142
Gondolas and machineries	(79)	(110)	189

12 Investment property

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Cost		
At 1 July	1,300	–
Disposals	(1,300)	–
At 30 June/31 December	–	–
Accumulated depreciation		
At 1 July	107	–
Depreciation charge	23	–
Disposals	(130)	–
At 30 June/31 December	–	–
Net carrying value		
At 30 June/31 December	–	–

12 Investment property (continued)

As at 30 June 2012, the investment property was mortgaged to a financial institution to secure bank borrowings of the Group (note 21). The charge has been released upon the disposal of the investment property.

The following amounts are recognised in profit or loss:

	31.12.2011 $'000 (Unaudited)	31.12.2012 $'000 (Unaudited)
Rental income	47	–
Direct operating expenses	38	–

13 Investment securities

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Held-to-maturity investment		
-Structured deposit with a financial institution	–	400

The structured deposit is denominated in Singapore dollars and matured on 4 June 2018. The financial institution guarantees a minimum interest rate at each of the interest payments dates. The Group earns a bonus interest calculated based on a formula which is pegged to a basket of traded instruments. The structured deposit bears effective interest rate of 1.02% per annum.

The structure deposit is pledged to banks as collateral for bank borrowings (Note 21).

14 Due from/(to) customers for contract work-in-progress

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Aggregate costs incurred to-date	22,920	22,061
Attributable profits recognised to-date	3,174	3,813
	26,094	25,874
Less: Progress billings	(24,284)	(24,021)
	1,810	1,853
Presented as:		
Due from customers for contract work-in-progress	3,069	2,593
Due to customers for contract work-in-progress	(1,259)	(740)
	1,810	1,853

15 Trade and other receivables

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Trade receivables:		
-third parties	4,569	5,986
-related parties	108	957
Retention sums on contracts:		
-third parties	77	60
-related parties	100	86
GST receivables	1	12
Accrued progress billings	5,782	5,162
Sundry deposits	163	191
Sundry receivables:		
-third parties	158	181
-a related party	1,316	–
-a director of a subsidiary	10	–
	12,284	12,635

The non-trade amount due from a related party is unsecured, interest-free and repayable on demand.

As at reporting date, the total gross trade receivables amounted to $1,438,000 (30.6.2012: $2,400,000) were factored out to banks with recourse. The Group did not derecognised the assets until the recourse period has expired and the risk and rewards of these receivables have been fully transferred.

16 Amounts due from/to directors

The amounts due from/to directors are interest-free, non-trade in nature, unsecured and repayable/payable on demand.

17 Cash and cash equivalents

	30.06.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Cash in hand and at bank	3,328	2,539
Fixed deposits	2,146	1,690
	5,474	4,229

Fixed deposits placed with the reputable financial institution and matured within 2 to 21 months (30.6.2012: 3 to 10 months) from reporting date. The effective interest rate was 0.08% to 1.00% (30.6.2012: 0.05% to 1.00%) per annum.

Fixed deposits include an amount of $1,690,000 (30.6.2012: $1,346,000) which have been pledged to banks as collateral for bank borrowings (note 21).

18 Asset held-for-sale

During the financial period ended 31 December 2012, the Company granted an option to a third party for sale of its leasehold property located at 41 Kaki Bukit Place, Singapore 416219 for a net consideration of $6.1 million. The option was exercised by the purchaser in November 2012 and the sale of the leasehold property was completed in January 2013. This lease hold property has a net carrying value of approximately $1,953,000.

19 Finance lease liabilities

	Minimum lease payments		Present value of lease payments	
	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Within 1 financial year	505	503	479	479
Within 2 to 5 financial years	713	590	644	538
After 5 financial years	28	1	27	1
Total minimum lease payments	1,246	1,094	1,150	1,018
Less future finance charges	(96)	(76)	–	–
	1,150	1,018	1,150	1,018
Representing finance lease liabilities:				
– Current	479	479		
– Non-current	671	539		
	1,150	1,018		

19 Finance lease liabilities (continued)

The finance leases bear an effective rate of interest between 3.66% to 8.41% (30.6.2012: 3.53% to 8.41%) per annum respectively.

The Company's directors provided personal guarantee for certain of the finance lease liabilities.

The fair values of the finance lease obligations approximate their carrying amounts.

20 Deferred income tax

The movements in the deferred income tax are as follows:

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
At 1 July	29	59
Tax charged to profit or loss	30	–
At 30 June/31 December	59	59

The deferred income tax liabilities on temporary differences recognised in the interim combined financial statements are in respect of tax effects arising from excess of carrying amount over tax written down value of property, plant and equipment.

21 Bank borrowings

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Term loan I	1,292	1,219
Term loan II	1,170	1,126
Factoring loan	1,303	757
	3,765	3,102

Term Loan I

Term loan I is repayable over a period of 10 years commencing from March 2010. The interest rate are fixed at 1.50% above 3 month SGD Cost of Fund Rate per annum. The term loan is secured by:

(i) Fresh all monies first legal mortgage over the Group's leasehold properties (note 11);

(ii) Corporate guarantee from a directors' related company; and

(iii) Personal guarantee from the Company's directors.

21 Bank borrowings (continued)

Term Loan II

Term loan II is bearing interest at:

1st – 4th periods: prevailing 3 month SIBOR plus 1.28%

5th – 8th periods: prevailing 3 month SIBOR plus 1.68%

9th and thereafter: prevailing 3 month SIBOR plus 3.00%

The term loan is secured by:

(i) A legal mortgage over the Group's leasehold properties; and

(ii) Joint and several guarantee by the Company's directors.

The term loans are callable term loan and therefore the term loans are classified under current liabilities.

22 Trade and other payables

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Trade payables:		
-third parties	3,843	3,765
-related parties	646	1,191
GST payables	479	423
Retention payables:		
-third parties	1,321	1,663
-related parties	103	44
Amount due to a related party (non-trade)	–	1,288
Other payables	153	140
Deposits received	18	75
Accrued operating expenses	419	435
	6,982	9,024

The non-trade amount due to a related party is unsecured, interest-free and payable on demand.

As at 31 December 2012, included in deposits received is an amount of $66,000 which pertain to the deposit from a third party in relation to the disposal of the Group's leasehold property (note 12).

23 Share capital

	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
At 1 July	4,803	–
Share issuance on incorporation of subsidiary	10	–
Shares issuance pursuant to the Restructuring Exercise	–	9,651
At 30 June/31 December	4,813	9,651

As at 30 June 2012, the share capital represent the aggregate paid up capital of the Company and its subsidiaries less shares of TMS Alliance Pte. Ltd. held by Raymond Construction Pte Ltd.

Pursuant to the written resolutions dated 5 June 2013, the shareholders approved, inter alia, the following:

(a) the allotment and issue of 9,651,756 shares in the share capital of the Company pursuant to the Restructuring Exercise; and

(b) the sub-division of 9,651,759 shares in the issued and paid capital of the Company into 86,865,831 shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

24 Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

25 Contingent liability

The Group has provided bankers' guarantees of $76,000 (30.6.2012: $76,000) on the performance for some contracts.

26 Related parties transactions

In addition to the information disclosed elsewhere in the interim combined financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

	Six-months period ended 31 December	
	2011	2012
	$'000	$'000
	(Unaudited)	(Unaudited)
Income		
Sales to related parties	(35)	(378)
Accounting income charged to related parties	(15)	(15)
Administrative income charged to a related party	–	(66)
Rental income charged to related parties	(7)	(56)
Expenses		
Insurance paid to related parties	3	–
Purchases from related parties	575	847
Sub-contractors' claim paid to related parties	116	1,818
Testing fee paid to related parties	58	84
Other expenses – paid to related parties	–	56
Others		
Advance to a related party (non-trade)	–	31
Payment on behalf of related parties	51	1,286

27 Operating lease commitments

The Group leases various offices, warehouses and staff's accommodation from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and have tenure of more than one year with renewal options.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	30.06.2012	31.12.2012
	$'000	$'000
	(Audited)	(Unaudited)
Not later than one year	452	234
Between two and five years	31	–
	483	234

Lease terms do not contain restrictions in the Group's activities concerning dividends, additional debt or further leasing.

28 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	30.06.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Financial assets		
Loans and receivables		
Trade and other receivables	12,284	12,635
Amounts due from directors	60	–
Cash and cash balances	5,474	4,229
	17,818	16,864
Held-to-maturity		
Investment securities	–	400
	17,818	17,264
Financial liabilities		
At amortised cost		
Trade and other payables	6,982	9,024
Finance lease liabilities	1,150	1,018
Amounts due to directors	634	–
Bank borrowings	3,765	3,102
	12,531	13,144

(b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group does not have exposure to foreign currency risk as its transactions are mainly in Singapore dollars.

28 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent on changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for fixed deposits (note 17), finance lease liabilities (note 19) and bank borrowings (note 21). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates has no significant impact on the Group's profit or loss.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

The Group's trade receivables comprise 3 debtors (30.6.2012: 3 debtors) that represented approximately 25% (30.6.2012: 25%) of the trade receivables.

The carrying amounts of the financial assets represent the Group's maximum exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are substantially corporate customers with good collection track record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets presented on the combined statements of financial position that is past due and/or impaired.

The table below is an ageing analysis of trade receivables of the Group:

	30.06.2012 $'000 (Audited)	**31.12.2012 $'000 (Unaudited)**
Not past due and not impaired	9,204	10,042
Past due but not impaired	1,433	2,221
	10,637	12,263

28 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Financial assets that are past due and/or impaired

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	30.06.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Past due < 60 days	912	1,902
Past due 61 to 120 days	2	274
Past due over 121 days	519	45
	1,433	2,221

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual repayment obligations.

	Repayable on demand or within 1 year $'000 (Audited)	Within 2 to 5 years $'000 (Audited)	Over 5 years $'000 (Audited)	Total $'000 (Audited)
At 30 June 2012				
Trade and other payables	6,982	–	–	6,982
Finance lease liabilities	505	713	28	1,246
Amounts due to directors	634	–	–	634
Bank borrowings	1,600	1,281	1,225	4,106
Financial guarantee contract	76	–	–	76
	9,797	1,994	1,253	13,044

28 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Repayable on demand or within 1 year $'000 (Audited)	Within 2 to 5 years $'000 (Audited)	Over 5 years $'000 (Audited)	Total $'000 (Audited)
At 31 December 2012				
Trade and other payables	9,024	–	–	9,024
Finance lease liabilities	503	590	1	1,094
Bank borrowings	920	1,275	1,221	3,416
Financial guarantee contract	76	–	–	76
	10,523	1,865	1,222	13,610

(c) Fair values of financial instruments

The carrying amounts of the financial assets and financial liabilities recorded in the interim combined financial statements of the Group approximate their fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

29 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The capital of the Group mainly consists of equity holders of the Company comprising share capital, accumulated profits and merger reserve. The Group's overall strategy remains unchanged from the financial year ended 30 June 2012.

The Group are in compliance with all externally imposed capital requirements for the financial year ended 30 June 2012 and period ended 31 December 2012.

30 Segment information

The Group is organised into business units based on nature of the projects for management purposes. The reportable segments are revenue from Addition and Alteration ("A&A") and Repair and Redecoration ("R&R").

A&A focuses mainly on structural works and infrastructure works.

R&R focuses mainly on non-structural construction, improvements and routine maintenance works.

Others mainly comprises trading of green products and etc.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	A&A		R&R		Total	
	31.12.2011 $'000 (Unaudited)	31.12.2012 $'000 (Unaudited)	31.12.2011 $'000 (Unaudited)	31.12.2012 $'000 (Unaudited)	31.12.2011 $'000 (Unaudited)	31.12.2012 $'000 (Unaudited)
Segment revenue	9,264	10,533	6,788	11,555	16,052	22,088
Segment profits	2,202	1,918	1,398	1,988	3,600	3,906
Other segments items						
Capital expenditure property, plant and equipment					258	243
Depreciation of property, plant and equipment					187	199
Depreciation of investment property					14	–
	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)	30.6.2012 $'000 (Audited)	31.12.2012 $'000 (Unaudited)
Segment assets	7,298	7,495	6,408	7,361	13,706	14,856
Unallocated assets					13,465	11,278
Total assets					27,171	26,134
Segment liabilities	777	164	482	576	1,259	740
Unallocated liabilities					13,793	14,458
Total liabilities					15,052	15,198

30 Segment information (continued)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the interim combined financial statements. Interest income, other income, finance costs, general and administrative expenses and marketing and distribution expenses are not allocated to segments as the Group financing and administrative functions are managed on a group basis.

A reconciliation of segment profits to the profit before tax is as follows:

	Six-months period ended 31 December	
	2011	**2012**
	$'000	**$'000**
	(Unaudited)	**(Unaudited)**
Segment profits	3,600	3,906
Interest income	3	1
Unallocated corporate expenses	(2,031)	(2,294)
Profit before tax	1,572	1,613

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the interim combined financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment, investment property, investment securities, other receivables, amount due from directors, cash and bank balances and asset held for sale.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the interim combined financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than bank borrowings, trade and other payables, finance lease liabilities, amount due to directors, deferred tax liabilities and tax payables are classified as unallocated liabilities.

Information about major customers

Revenue of approximately $13,938,000 (31.12.2011: $12,408,000) which amounts to more than 10% of the Group's revenue are derived from 5 (31.12.2011: 5) external customers and are attributable to the residential projects segment.

30 Segment information (continued)

Geographical information

The Group's revenues from external customers derived solely from customers in Singapore. The non-current assets of the Group are all located in Singapore.

31 Subsequent events

(a) On 30 January 2013, the disposal of the leasehold property was completed upon the transfer of the legal title to the purchaser.

(b) On 18 April 2013, a subsidiary of the Group issued bonus shares amounting to $2.5 million by way of capitalisation of its accumulated profits.

(c) On 9 June 2013, the Company declared one-tier tax exempt interim dividend amounting to $1,000,000 in respect of the financial year ending 30 June 2013.

32 Authorisation of interim combined financial statements

The interim combined financial statements of the Group for the financial period ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors dated 5 July 2013.

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ISOTEAM LTD.
(Co. Reg. No. 201230294M)

UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 AND THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2012

INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 AND SIX-MONTHS PERIOD ENDED 31 DECEMBER 2012

The Board of Directors
ISOTeam Ltd.
57 Kaki Bukit Place
Eunos Techpark
Singapore 416231

Dear Sirs,

This report has been prepared for inclusion in the Offer Document of ISOTeam Ltd. (the "Company") dated 5 July 2013 in respect of initial public offering of shares of the Company. The unaudited proforma combined financial information comprises the unaudited proforma combined statements of financial position as at 30 June 2012 and 31 December 2012 and the unaudited proforma combined statements of comprehensive income and unaudited proforma combined statements of cash flows for the financial year ended 30 June 2012 and six-months period ended 31 December 2012.

We report on the unaudited proforma combined financial information as set out herein has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

(i) the financial results and cash flows of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2012 and six-months period ended 31 December 2012 would have been if the significant events as stated in Note 2 of the unaudited proforma combined financial information had occurred on 1 July 2011; and

(ii) the financial positions of the Group as at 30 June 2012 and 31 December 2012 would have been if the significant events had occurred on that date.

The unaudited proforma combined financial information, because of their nature, may not give a true picture of the Group's actual financial position, results and cash flows.

The unaudited proforma combined financial information is the responsibility of the Directors of the Company.

Our responsibility is to express an opinion on the unaudited proforma combined financial information based on our work. We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: Auditors and Public Offering Documents. Our work, which involved no independent examination of the unaudited proforma combined financial information, consisted primarily of comparing the unaudited proforma combined financial information to the audited combined financial statements of the Group for the financial year ended 30 June 2012 and unaudited interim combined financial statements for the six-months ended 31 December 2012, considering the evidence supporting the adjustments and discussing the unaudited proforma combined financial information with the Directors of the Company.

INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 AND SIX-MONTHS PERIOD ENDED 31 DECEMBER 2012

Opinion
In our opinion,

(a) the unaudited proforma combined financial information has been properly prepared:-

  (i) on the basis stated in Note 3 of the unaudited proforma combined financial information;

  (ii) such basis is consistent with the accounting policies of the Company; and

(b) each material adjustment made to the information used in the preparation of the unaudited proforma combined financial information is appropriate for the purpose of preparing of such financial information.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Partner: Ong Kian Guan

5 July 2013

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2012

	30.6.2012 $'000	Proforma adjustments Note 3 $'000		Unaudited Proforma $'000
Revenue	35,430			35,430
Cost of sales	(29,012)			(29,012)
Gross profit	6,418			6,418
Other income	1,163	4,155	(i)	5,318
Marketing and distribution expenses	(475)			(475)
General and administrative expenses	(3,484)			(3,484)
Finance costs	(246)			(246)
Profit before tax	3,376			7,531
Tax expense	(422)			(422)
Profit and total comprehensive income for the period attributable to equity holders of the Company	2,954			7,109
Earnings per share				
Basic and diluted (cents)	30.6			73.9

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME
For the six-months period ended 31 December 2012

	31.12.2012 $'000	Proforma adjustments Note 3 $'000	Unaudited Proforma $'000
Revenue	22,088		22,088
Cost of sales	(18,182)		(18,182)
Gross profit	3,906		3,906
Other income	247		247
Marketing and distribution expenses	(331)		(331)
General and administrative expenses	(2,049)		(2,049)
Finance costs	(160)		(160)
Profit before tax	1,613		1,613
Tax expense	(296)		(296)
Profit and total comprehensive income for the period attributable to equity holders of the Company	1,317		1,317
Earnings per share			
Basic and diluted (cents)	13.65		13.65

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	30.6.2012 $'000	Proforma adjustments Note 3 $'000		Unaudited Proforma $'000
Non-current assets				
Property, plant and equipment	6,284	(1,976)	(i)	4,308
Current assets				
Due from customers for contract work-in-progress	3,069			3,069
Trade and other receivables	12,284			12,284
Amount due from directors	60			60
Cash and bank balances	5,474	4,270	(i),(ii)	9,744
Total current assets	20,887			25,157
Total assets	27,171			29,465
Non-current liabilities				
Finance lease liabilities	671			671
Deferred tax liabilities	59			59
Total non-current liabilities	730			730
Current liabilities				
Due to customers for contract work-in-progress	1,259			1,259
Bank borrowings	3,765	(1,292)	(i)	2,473
Trade and other payables	6,982	431	(i)	7,413
Finance lease liabilities	479			479
Amounts due to directors	634			634
Tax payable	1,203			1,203
Total current liabilities	14,322			13,461
Total liabilities	15,052			14,191
Net assets	12,119			15,274
Share capital and reserves				
Share capital	4,813			4,813
Accumulated profits	7,306	3,155	(i),(ii)	10,461
Total equity	12,119			15,274

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	31.12.2012 $'000	Proforma adjustments Note 3 $'000		Unaudited Proforma $'000
Non-current assets				
Property, plant and equipment	4,324			4,324
Investment securities	400			400
Total non-current assets	4,724			4,724
Current assets				
Due from customers for contract work-in-progress	2,593			2,593
Trade and other receivables	12,635			12,635
Cash and bank balances	4,229	4,277	(i),(ii)	8,506
	19,457			23,734
Asset held-for-sale	1,953	(1,953)	(i)	–
Total current assets	21,410			23,734
Total assets	26,134			28,458
Non-current liabilities				
Finance lease liabilities	539			539
Deferred tax liabilities	59			59
Total non-current liabilities	598			598
Current liabilities				
Due to customers for contract work-in-progress	740			740
Bank borrowings	3,102	(1,219)	(i)	1,883
Trade and other payables	9,024	365	(i)	9,389
Finance lease liabilities	479			479
Tax payable	1,255			1,255
Total current liabilities	14,600			13,746
Total liabilities	15,198			14,344
Net assets	10,936			14,114
Share capital and reserves				
Share capital	9,651			9,651
Accumulated profits	8,623	3,178	(i),(ii)	11,801
Merger reserve	(7,338)			(7,338)
Total equity	10,936			14,114

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENTS OF CASH FLOWS
For the financial year ended 30 June 2012

	30.6.2012 $'000	Proforma adjustments Note 3 $'000		Unaudited Proforma $'000
Cash flows from operating activities				
Profit before tax	3,376	4,155	(i)	7,531
Adjustments for:				
Depreciation of property, plant and equipment	369			369
Depreciation of investment property	23			23
Gain on disposal of property, plant and equipment	(7)	(4,155)	(i)	(4,162)
Gain on disposal of investment property	(880)			(880)
Interest income	(5)			(5)
Interest expense	228			228
Operating profit before working capital changes	3,104			3,104
Project work-in-progress	(555)			(555)
Trade and other receivables	(3,732)			(3,732)
Trade and other payables	2,186	431	(i)	2,617
Cash generated from operations	1,003			1,434
Interest paid	(228)			(228)
Interest received	5			5
Taxes paid	(158)			(158)
Net cash generated from operating activities	622			1,053
Cash flows from investing activities				
Purchases of property, plant and equipment	(160)			(160)
Proceeds from disposal of investment property	2,050			2,050
Proceeds from disposal of property, plant and equipment	19	6,131	(i)	6,150
Net cash generated from investing activities	1,909			8,040
Cash flows from financing activities				
Dividends paid	–	(1,000)	(ii)	(1,000)
Proceed from issuance of ordinary shares	10			10
Fixed deposits pledged to bank	(402)			(402)
Drawndown of bank borrowings	819			819
Repayment from related parties (non-trade)	(418)			(418)
Repayment to directors	(453)			(453)
Repayment of bank borrowings	–	(1,292)	(i)	(1,292)
Repayment of finance lease	(299)			(299)
Net cash used in financing activities	(743)			(3,035)
Net (decrease)/increase in cash and cash equivalents	(1,788)			6,058
Cash and cash equivalents at beginning of financial year	2,340			2,340
Cash and cash equivalents at end of financial year	4,128			8,398

The accompanying notes form an integral part of these financial statements.

UNAUDITED PROFORMA COMBINED STATEMENTS OF CASH FLOWS (continued)
For the financial year ended 30 June 2012

For the purpose of the unaudited proforma combined statements of cashflows, cash and cash equivalents comprise the following:

	30.6.2012	Proforma adjustments Note 3	Unaudited Proforma
	$'000	$'000	$'000
Cash in hand and at bank	3,328		7,598
Fixed deposits	2,146		2,146
	5,474		9,744
Less Fixed deposits pledged	(1,346)		(1,346)
Bank overdrafts	–		–
	4,128		8,398

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

UNAUDITED PROFORMA COMBINED STATEMENTS OF CASH FLOWS
For the six-months period ended 31 December 2012

	31.12.2012 $'000	Proforma adjustments Note 3 $'000		Unaudited Proforma $'000
Cash flows from operating activities				
Profit before tax	1,613			1,613
Adjustments for:				
Depreciation of property, plant and equipment	199			199
Property, plant and equipment written off	51			51
Interest income	(1)			(1)
Interest expense	155			155
Operating profit before working capital changes	2,017			2,017
Project work-in-progress	(43)			(43)
Trade and other receivables	(1,677)			(1,677)
Trade and other payables	787	365	(i)	1,152
Cash generated from operations	1,084			1,449
Interest paid	(155)			(155)
Interest received	1			1
Taxes paid	(244)			(244)
Net cash generated from operating activities	686			1,051
Cash flows from investing activities				
Purchases of property, plant and equipment	(144)			(144)
Proceeds from disposal of asset held-for-sale	–	6,131	(i)	6,131
Purchase of investment securities	(400)			(400)
Net cash (used in)/generated from investing activities	(544)			5,587
Cash flows from financing activities				
Dividends paid	–	(1,000)	(ii)	(1,000)
Fixed deposits pledged to bank	(344)			(344)
Repayment from related parties (non-trade)	71			71
Repayment to directors	(564)			(564)
Repayment of bank borrowings	(663)	(1,219)	(i)	(1,882)
Repayment of finance lease	(231)			(231)
Net cash used in financing activities	(1,731)			(3,950)
Net (decrease)/increase in cash and cash equivalents	(1,589)			2,688
Cash and cash equivalents at beginning of financial period	4,128			4,128
Cash and cash equivalents at end of financial period	2,539			6,816

The accompanying notes form an integral part of these financial statements.

UNAUDITED PROFORMA COMBINED STATEMENTS OF CASH FLOWS (continued)
For the six-months period ended 31 December 2012

For the purpose of the unaudited proforma combined statements of cashflows, cash and cash equivalents comprise the following:

	31.12.2012	Proforma adjustments Note 3	Unaudited Proforma
	$'000	$'000	$'000
Cash in hand and at bank	2,539		6,816
Fixed deposits	1,690		1,690
	4,229		8,506
Less Fixed deposits pledged	(1,690)		(1,690)
Bank overdrafts	–		–
	2,539		6,816

The accompanying notes form an integral part of these financial statements.

ISOTEAM LTD.

NOTES TO THE UNAUDITED PROFORMA COMBINED FINANCIAL INFORMATION
For the financial year ended 30 June 2012 and six-months period ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying proforma combined financial information.

1 Corporate information

ISOTeam Pte. Ltd. (the "Company") (Co. Reg. No. 201230294M) was incorporated in Singapore on 12 December 2012 for the purpose of acquiring the existing companies pursuant to the Restructuring Exercise as referred to the Offer Document.

On 12 June 2013 the Company was converted into a public company limited by shares and changed the name to ISOTeam Ltd..

The registered office and principal place of business of the Company is at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231.

The unaudited proforma combined financial information of the Group have been prepared solely for inclusion in the Offer Document of the Company dated 5 July 2013 in connection with the proposed initial public offering of the ordinary shares of the Company.

2 Significant events

Save for the following significant events relating to the disposal of asset and declaration of dividends (the "Significant Events"), the Directors of the Company, as at the date of this report, are not aware of any significant disposal of asset which have occurred since 1 July 2011 and any significant changes made to the capital structure of the Company subsequent to 31 December 2012:

(a) On 30 January 2013, the Group disposed its leasehold property with carrying value of $1,953,000 for a net consideration of $6.13 million.

(b) On 9 June 2013, the Company declared one-tier tax exempt interim dividend amounting to $1,000,000 in respect of the financial year ending 30 June 2013.

3 Basis of preparation of the unaudited proforma combined financial information

The Group in this unaudited proforma combined financial information relates to the companies referred to in the entities within ISOTeam Pte. Ltd. and its subsidiaries (the "Group") subsequent to the Restructuring Exercise as referred to the Offer Document.

The unaudited proforma combined financial information have been prepared based on the following:

– Audited combined financial statements of the Group for the financial year ended 30 June 2012, which were prepared by management in accordance with the Singapore Financial Reporting Standards ("FRS") and audited by Baker Tilly TFW LLP, in accordance with Singapore Standards on Auditing. The auditor's report dated 5 July 2013 on these financial statements was not qualified.

3 Basis of preparation of the unaudited proforma combined financial information (continued)

– Unaudited interim combined financial statements of the Group for the six-months period ended 31 December 2012, which were prepared by management in accordance with Singapore Financial Reporting Standards FRS 34 Interim Financial Reporting and reviewed by Baker Tilly TFW LLP, in accordance with Singapore Standards on Review Engagement 2410. The auditor's review report dated 5 July 2013 on these financial statements was not qualified.

The unaudited proforma combined financial information for the financial year ended 30 June 2012 and six-months period ended 31 December 2012 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

– the financial results and cash flows of the Group for the financial year ended 30 June 2012 and six-months period ended 31 December 2012 would have been if the Significant Events discussed above had occurred on 1 July 2011; and

– the financial position of the Group as at 30 June 2012 and 31 December 2012 would have been if the Significant Events had occurred on that date.

Based on the assumptions discussed above, the following material adjustments have been made to the unaudited interim combined financial statements of the Group in arriving at the unaudited proforma combined financial information included herein:

(i) inclusion of proforma financial information for the financial year ended 30 June 2012 and six-months period ended 31 December 2012 that on 30 January 2013, the Group has disposed its leasehold property with carrying value of $1,976,000 and $1,953,000 as at 30 June 2012 and 31 December 2012 respectively, for a total net consideration of $6,131,000 and full repayment of the bank borrowing for which the leasehold property was mortgaged on 1 July 2011; and

(ii) inclusion of proforma financial information for the financial year ended 30 June 2012 and six-months period ended 31 December 2012, where the Company has declared an one-tier tax exempt interim dividend amounting to $1,000,000 in respect of the financial year ending 30 June 2013.

The unaudited proforma combined financial information, because of their nature, is not necessarily indicative of the results of the operations, cash flows or the related effects on the financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in the Explanatory Notes, the Directors of the Company, for the purposes of preparing this set of unaudited proforma combined financial information, have not considered the effects of the other events.

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The discussion below provides a summary of the principal objects of our Company set out in our Memorandum of Association and certain provisions of our Articles of Association and the laws of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

MEMORANDUM OF ASSOCIATION AND REGISTRATION NUMBER

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 201230294M. Our Memorandum of Association sets out the objects for which our Company was formed, including carrying on business as, *inter alia*, an investment holding company.

SUMMARY OF OUR ARTICLES OF ASSOCIATION

1. Directors

(a) Ability of interested directors to vote

A director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting except under circumstances set out in the Articles of Association.

(b) Remuneration

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary or otherwise (not being a commission on or a percentage of profits or turnover of the Company), as the Directors may determine.

The remuneration of a Chief Executive Officer shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the Company or authorised to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of our Company.

2. Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of Shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our Shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits and we may satisfy dividends by the issue of shares to our Shareholders. All dividends are paid *pro rata* amongst our Shareholders in proportion to the amount paid-up on each Shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque, warrant or post office order sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every Shareholder present in person and by proxy shall have one vote, and on a poll, every Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, consolidation, cancellation, sub-division or conversion of our share capital) require Shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our Shareholders' approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total number of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident Shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

APPENDIX E
DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Catalist Rules and our Articles of Association ("Articles"). These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Offer Document.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed the limit as may be prescribed by the SGX-ST, of which the aggregate number of Shares to be issued other than on a pro rata basis to our Shareholders may not exceed the limit as may be prescribed by the SGX-ST. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all New Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in our Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Shareholders for any time or times if we provide the SGX-ST at least 10 clear Market Days' notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits and we may satisfy dividends by the issue of Shares to our Shareholders. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with approval of our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Take-overs

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code"), issued by the Authority pursuant to section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any 6 month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:–

(a) the following companies:–

  (i) a company;

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i), (ii), (iii) or (iv); and

  (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:–

  (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

  (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:–

  (i) an individual;

  (ii) the close relatives of (i);

  (iii) the related trusts of (i);

  (iv) any person who is accustomed to act in accordance with the instructions of (i); and

  (v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding 6 months.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Take-overs" above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:–

(a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

(b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:–

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or

(e) provide that we be wound up.

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APPENDIX F
TAXATION

The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty and estate duty consequences in relation to the purchase, ownership and disposal of our Shares. The discussion is limited to a general description of certain tax consequences in Singapore with respect to the ownership of shares and is based on laws, regulations and interpretations now in effect and available as of the date of this Offer Document. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective purchasers of our Shares should consult their tax advisors concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors, the Vendor nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

General

Scope of Tax

Corporate taxpayers are generally subject to Singapore income tax on all Singapore source income, and on foreign source income received or deemed received in Singapore (unless specifically exempted).

In general, individuals are subject to Singapore income tax only on Singapore source income. However, foreign source income received through a partnership may be subject to Singapore income tax if it is received or deemed received in Singapore (unless specifically exempted).

Rates of Tax

The prevailing corporate income tax rate is 17% with partial tax exemption for normal chargeable income of up to $300,000 as follows:–

- 75% exemption of up to the first $10,000 and
- 50% exemption of up to the next $290,000.

For newly incorporated Singapore tax resident companies, with no more than 20 individual shareholders at least one of which is an individual holding at least 10% of the total number of issued ordinary shares throughout the basis period relating to the Year of Assessment of claim, the following exemptions for normal chargeable income apply for the first three Years of Assessment:–

- 100% exemption of up to the first $100,000 and
- 50% of exemption of up to the next $200,000.

An individual is regarded as tax resident in Singapore for a year of assessment if, in the preceding year, he was physically present or had exercised employment in Singapore (other than as a director of a company) for 183 or more days, or if he resides in Singapore.

Singapore tax-resident individuals are generally subject to tax based on a progressive scale. The top marginal rate of tax is currently 20%.

Non-Singapore resident individuals are generally subject to tax at a flat rate of 20%. Their Singapore employment income is however taxed at a flat rate of 15% or at resident tax rates, whichever yields a higher amount of tax.

Dividend Distributions

The one-tier system of taxation for companies completely replaced Singapore's full imputation system on 1 January 2008. Under the one-tier system, dividends paid out by our company are exempt from income tax in the hands of the shareholders. The dividends will have no tax credit attached.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our ordinary shares that are construed to be of an income nature will be subject to tax. Hence, any profits derived from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares will be taxable. Likewise, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of $2 for every $1,000 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for the stamp duty charge, unless otherwise agreed by the parties to the transaction.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside of Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently brought into Singapore.

ESTATE DUTY

The Singapore estate duty was abolished with effect from 15 February 2008.

GOODS AND SERVICES TAX ("GST")

GST is a tax on domestic consumption of goods and services and on the importation of goods into Singapore. The standard rate of GST is currently 7%.

The sale of our Company's ordinary shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by a GST registered investor in the making of such an exempt supply is generally not recoverable from the Comptroller of GST.

Where our Company's ordinary shares are sold by a GST registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at 0% if certain conditions are met. Any GST incurred by a GST registered investor in the making of this supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of shares will be subject to GST at the standard rate. Similar services rendered to an investor belonging outside Singapore may be zero-rated if certain conditions are met.

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APPENDIX G
RULES OF THE ISOTEAM PERFORMANCE SHARE PLAN

1. NAME OF THE PERFORMANCE SHARE PLAN

This Performance Share Plan shall be called the ISOTeam Performance Share Plan ("**ISOTeam PSP**").

2. DEFINITIONS

2.1 In the ISOTeam PSP, the following definitions apply throughout unless the context otherwise requires:

"Adoption Date"	:	The date on which the ISOTeam PSP is adopted by resolution of the Shareholders of the Company
"Articles"	:	The articles of association of the Company, as amended or modified from time to time
"Associate"	:	Has the meaning ascribed to it under the Catalist Rules
"Auditors"	:	The auditors of the Company for the time being
"Award"	:	A contingent award of Shares granted under the ISOTeam PSP
"Awards Committee"	:	The committee comprising the directors of the Company who are members of the Remuneration Committee of the Company for the time being, which is duly authorised and appointed by the Board to administer the ISOTeam PSP
"Award Letter"	:	A letter in such form as the Awards Committee shall approve, confirming an Award granted to a Participant by the Awards Committee
"Board"	:	The board of directors of the Company
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	Any or all of the rules in the Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, varied or supplemented from time to time

"Company"	:	ISOTeam Ltd.
"control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Shareholder"	:	A person who holds directly or indirectly 15.0% or more of the number of all voting shares in a company, or in fact exercises control over a company, unless otherwise determined
"Date of Grant"	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
"Director"	:	A person holding office as a director of the Company for the time being
"EPS"	:	Earnings per Share
"Employee"	:	An employee of the Group selected by the Awards Committee to participate in the ISOTeam PSP
"Executive Director"	:	A director of the Company for the time being, holding office in an executive capacity in the Company
"Group"	:	The Company and its Subsidiaries
"Independent Directors"	:	A director of the Company for the time being who has no relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company
"Listing Manual"	:	The listing manual of the SGX-ST, as may be amended, varied or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the release of Awards granted under the ISOTeam PSP

"Non-Executive Directors"	:	A director of the Company for the time being who is not an Executive Director, including Independent Directors
"Participant"	:	The holder of an Award
"Performance Conditions"	:	In relation to a Performance-related Award, the conditions specified on the Date of Grant in relation to that Award
"Performance-related Award"	:	An Award in relation to which a Performance Condition is specified
"Performance Period"	:	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Awards Committee on the Date of Grant, during which the Performance Condition is to be satisfied
"Record Date"	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
"Release"	:	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and "Released" shall be construed accordingly
"Released Award"	:	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
"Rules"	:	The rules of the ISOTeam PSP, as the same may be amended from time to time
"Securities Account"	:	The securities account maintained by a Depositor with CDP
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons to whose direct Securities Accounts maintained with CDP are credited with Shares. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts
"Shares"	:	Ordinary shares in the capital of the Company
"Subsidiary"	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"Trading Day"	:	A day on which the Shares are traded on the SGX-ST
"Vesting"	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and "Vest" and "Vested" shall be construed accordingly
"Vesting Date"	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Awards Committee and notified to the relevant Participant) on which those Shares have vested pursuant to Rule 7
"Vesting Period"	:	In relation to an Award, a period or periods, the duration of which is to be determined by the Awards Committee at the Date of Grant
<u>Currencies Units and Others</u>		
"S$" or "$" and "cents"	:	Singapore dollar and cents respectively
"%" or "per cent."	:	Per centum or percentage

2.2 The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.

2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.4 Any reference to a time of a day in the ISOTeam PSP is a reference to Singapore time.

2.5 Any reference in the ISOTeam PSP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in the ISOTeam PSP shall have the meaning assigned to it under the Companies Act.

3. OBJECTIVES OF THE ISOTEAM PSP

3.1 The ISOTeam PSP is a performance incentive scheme which will form an integral part of the Group's incentive compensation program.

3.2 The objectives of the ISOTeam PSP are as follows:

(a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;

(b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and

(d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

4. ELIGIBILITY OF PARTICIPANTS

4.1 Any person shall be eligible to participate in the ISOTeam PSP at the absolute discretion of the Awards Committee if at the Date of Grant such person:

(a) has been confirmed in his/her employment with the Group;

(b) has attained the age of 18 years; and

(c) is not an undischarged bankrupt and has not entered into a composition with his/her creditors.

4.2 An Executive Director is only eligible to participate in the ISOTeam PSP if he is not a Substantial Shareholder or an Associate of a Substantial Shareholder.

4.3 Non-Executive Directors and Independent Directors will not be eligible to participate in the ISOTeam PSP. Controlling Shareholders and their Associates will also not be eligible to participate in the ISOTeam PSP.

4.4 The eligibility of Participants to participate in the ISOTeam PSP, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the ISOTeam PSP and the Vesting Period shall be determined at the absolute discretion of the Awards Committee, which shall take into account:

(a) the financial performance of the Group; and

(b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and

in addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ISOTeam PSP may be amended from time to time at the absolute discretion of the Awards Committee, which would be exercised judiciously.

5. GRANT OF AWARDS

5.1 Subject as provided in Rule 8, the Awards Committee may grant Awards to Employees as the Awards Committee may select in its absolute discretion, at any time during the period when the ISOTeam PSP is in force.

5.2 The Awards Committee shall decide, in its absolute discretion, in relation to each Award:

(a) the Participant;

(b) the Date of Grant;

(c) the number of Shares which are the subject of the Award;

(d) the prescribed Vesting Period(s);

(e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and

(f) in the case of a Performance-related Award, the Performance Period and the Performance Condition,

PROVIDED THAT subject to Rules 5.3 and 6, the Vesting Period(s) shall not be of shorter duration than the minimum vesting periods prescribed under the SGX-ST Listing Manual in respect of employee share options.

5.3 The Awards Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:

(a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or

(b) in the case of a Performance-related Award, if anything happens which causes the Awards Committee to conclude that:

(i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

(ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Awards Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

5.4 As soon as reasonably practicable after making an Award, the Awards Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

(a) the Date of Grant;

(b) the number of Shares which are the subject of the Award;

(c) the prescribed Vesting Period(s);

(d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period; and

(e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

5.5 Participants are not required to pay for the grant of Awards.

5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):

(a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;

(b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;

(c) ill health, injury, disability or death of a Participant;

(d) a Participant commits any breach of any of the terms of his Award;

(e) misconduct on the part of a Participant as determined by the Company in its discretion;

(f) a take-over, winding-up or reconstruction of the Company; and/or

(g) any other event approved by the Awards Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

6.2 The Awards Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.

6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:

(a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;

(b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;

(c) an order for the compulsory winding-up of the Company is made; or

(d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Awards Committee may consider, at its discretion, whether or not to Release such Award. If the Awards Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Awards Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Awards Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Awards Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Awards Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Awards Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Awards Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Awards Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

(i) (in relation to a Performance-related Award) the Awards Committee having determined that the Performance Condition has been satisfied;

(ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;

(iii) the Awards Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;

(iv) such consents (including any approvals required by the SGX-ST) as may be necessary;

(v) compliance with the terms of the Award, the ISOTeam PSP, the Articles and the Memorandum of Association of the Company;

(vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and

(vii) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST, upon the expiry of each Vesting Period in relation to an Award,

the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

(b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Awards Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

(c) Where New Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.

7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

7.3 New Shares allotted and issued, and existing Shares procured by the Company for transfer, upon the Release of an Award shall:

(a) be subject to all the provisions of the Articles and the Memorandum of Association of the Company; and

(b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

8. LIMITATION ON THE SIZE OF THE ISOTEAM PSP

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the ISOTeam PSP on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the ISOTeam PSP, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

9. ADJUSTMENT EVENTS

9.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or

(b) the class and/or number of Shares in respect of which Awards may be granted under the ISOTeam PSP,

may, at the option of the Awards Committee, be adjusted in such manner as the Awards Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Awards Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the ISOTeam PSP, the Awards Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

10. ADMINISTRATION OF THE ISOTEAM PSP

10.1 The ISOTeam PSP shall be administered by the Awards Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Awards Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.

10.2 The Awards Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the ISOTeam PSP) for the implementation and administration of the ISOTeam PSP, to give effect to the provisions of the ISOTeam PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.

10.3 The Company shall bear the costs of establishing and administering the ISOTeam PSP.

11. NOTICES

11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders of the Company.

11.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.

11.3 Any notice or other communication sent by post:

(a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and/or

(b) by the Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

12. MODIFICATIONS TO THE ISOTEAM PSP

12.1 Any or all the provisions of the ISOTeam PSP may be modified and/or altered at any time and from time to time by resolution of the Board, except that:

(a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75.0% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

(b) no modification or alteration to the definitions of “Associate”, “Awards Committee”, “Controlling Shareholders”, “Employee”, “Participant”, “Performance Period” and

"Vesting Period" and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 12 shall be made to the advantage of Participants except with the prior approval of the Shareholders of the Company in a general meeting; and

(c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the ISOTeam PSP in any way to the extent necessary to cause the ISOTeam PSP to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

(a) the ISOTeam PSP or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the ISOTeam PSP or any right which he may have to participate in it or any Award which he may be granted and the ISOTeam PSP or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and

(b) the ISOTeam PSP shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

14. DURATION OF THE ISOTEAM PSP

14.1 The ISOTeam PSP shall continue to be in operation at the discretion of the Awards Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the ISOTeam PSP may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

14.2 The ISOTeam PSP may be terminated at any time by the Awards Committee and by resolution of the Company in a general meeting, subject to all relevant approvals which may be required and if the ISOTeam PSP is so terminated, no further Awards shall be granted by the Company hereunder.

14.3 The termination of the ISOTeam PSP shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the ISOTeam PSP:

(a) the names of the members of the Awards Committee;

(b) information as required in the table below for the following Participants:

(i) Participants who are Directors;

(ii) Participants who are Controlling Shareholders and their Associates; and

(iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising 5% or more of the aggregate of the total number of Shares available under the ISOTeam PSP:

Name of Participant	Awards granted during financial year under review (including terms)	Aggregate Awards granted since commencement of ISOTeam PSP to end of financial year under review	Aggregate Awards released since commencement of ISOTeam PSP to end of financial year under review	Aggregate Awards not yet released as at end of financial year under review

(c) such other information as may be required by the Catalist Rules of the Companies Act.

If any of the disclosures above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

16. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the ISOTeam PSP. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

17. TAXES, COSTS AND EXPENSES OF THE ISOTEAM PSP

17.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

17.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the ISOTeam PSP shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the ISOTeam PSP.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Awards Committee shall not under any circumstances be held liable for any costs, losses, expenses, liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the ISOTeam PSP, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

19. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the ISOTeam PSP) shall be referred to the Awards Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the ISOTeam PSP or any Rule, regulation, procedure thereunder or as to any rights under the ISOTeam PSP).

20. GOVERNING LAW

The ISOTeam PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the ISOTeam PSP, and the Company, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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APPENDIX H
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS

You are invited to subscribe for and/or purchase the Placement Shares at the Placement Price, subject to the following terms and conditions:–

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**

2. Your application for the Placement Shares may only be made by way of printed Placement Shares Application Forms.

   YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.

3. **You are allowed to submit only one application in your own name for the Placement Shares.**

   If you, not being an approved nominee company, have submitted an application for the Placement Shares in your own name, you should not submit any other application for the Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company and the Vendor, in consultation with the Placement Agent.

   Joint applications shall be rejected. Multiple applications for the Placement Shares shall be liable to be rejected at the discretion of our Company and the Vendor, in consultation with the Placement Agent. If you submit or procure submissions of multiple share applications, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the discretion of our Company and the Vendor, in consultation with the Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondences from CDP will be sent to your address last registered with CDP.**

9. **Our Company and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Offer Document or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. Our Company and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company and the Vendor will be entertained. In deciding the basis of allotment and/or allocation which shall be at the discretion of our Company and the Vendor, due consideration will be given to the desirability of allotting and/or allocating the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted and/or allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Vendor. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted and/or allocated to you.

12. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted and/or allocated to you pursuant to your application, to us, the Vendor, the Sponsor and the Placement Agent and, any other parties so authorised by the foregoing persons.

13. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Placement Shares by way of a Placement Shares Application Form.

14. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:–

    (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each New Share and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;

    (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Vendor in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you;

    (c) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company and the Vendor upon application; and

    (d) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor, the Sponsor and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.

15. Our acceptance of applications will be conditional upon, *inter alia,* our Company and the Vendor being satisfied that:–

    (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares (including the Vendor Shares) and the Placement Shares on Catalist;

    (b) the Management Agreement and Placement Agreement referred to in the "Management and Placement Agreements" section of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and

    (c) the Authority has not issued a stop order under the SFA which directs that no further shares to which this Offer Document relates be allotted and/or allocated.

16. We will not hold any application in reserve.

17. We will not allot and/or allocate Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

18. Additional terms and conditions for applications by way of Application Forms are set out in the "Additional Terms and Conditions for Applications using Application Forms" below.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the "Terms, Conditions And Procedures For Applications" section as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Placement Shares must be made using the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Offer Document.

   We draw your attention to the detailed instructions contained in the Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendor reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms, except those under the heading "**FOR OFFICIAL USE ONLY**", must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.

(b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of the Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**ISOTEAM SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. **We will not accept applications not accompanied by any payment or accompanied by any other form of payment.** We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. The completed and signed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of the Placement Shares applied for in accordance with the terms and conditions of this Offer Document, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND**, at your own risk, to **Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00 Singapore 068898**, to arrive by **12.00 noon on 10 July 2013 or such other time as our Company and the Vendor may, in consultation with the Sponsor and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement of receipt will be issued by our Company, the Vendor, the Sponsor or the Placement Agent, for any applications or application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or Placement Agreement, the application monies received will be refunded

(without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the stop order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.

10. By completing and delivering the Application Form, you agree that:–

(a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 10 July 2013** or such other time or date as our Directors and the Vendor may, in consultation with the Sponsor and the Placement Agent, decide:–

(i) your application is irrevocable; and

(ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

(b) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Vendor, the Sponsor, the Placement Agent nor any other person involved in the Placement shall have any liability for any information not so contained;

(f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendor, the Sponsor, the Placement Agent or other authorised operators; and

(g) you irrevocably agree and undertake to subscribe for and/or purchase the number of the Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company and the Vendor decide to allot and/or allocate any smaller number of the Placement Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.

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TOWARDS A
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