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R&R and A&A specialist ISOTeAM posts record halftime results; Achieves 61.4% rise in HY2014 earnings to S\$2.1 million

- Revenue climbs 44.4% to S\$31.9 million on strong performance from R&R segment
 - Healthy cash and bank balances up S\$6.2 million to S\$14.6 million
- S\$41.4 million in new projects secured in HY2014 boosts order book to S\$84.6 million, which will be delivered progressively within the next two years

Financial Highlights for the six months ended 31 December

S\$'m	HY2014	HY2013	Chg (%)
Revenue	31.9	22.1	44.4
Gross profit	5.4	3.9	37.0
Profit before tax	2.4	1.6	49.1
Profit attributable to equity holders	2.1	1.3	61.4
Earnings per share* (cents)	1.81	1.12	61.6

* For comparative and illustrative purposes, EPS is based on the post-IPO share capital of 117,595,831 shares in issue.

SINGAPORE, 12 February 2014 – ISOTeAM Ltd. (“ISOTeAM” or together with its subsidiaries, the “Group”), an established eco-conscious Repairs and Redecoration (“R&R”) and Addition and Alteration (“A&A”) specialist in Singapore, today announced a stellar set of halftime results. The Group saw a 61.4% rise in its net profit attributable to equity holders to S\$2.1 million for the six months ended 31 December 2013 (“HY2014”) from S\$1.3 million for the six months ended 31 December 2012 (“HY2013”).

This improved bottomline was achieved on the back of a 44.4% surge in revenue to S\$31.9 million in HY2014 from S\$22.1 million in HY2013, which was largely underpinned by a strong performance from the Group’s R&R business segment. During HY2014, the Group saw its R&R revenue soar 85.5%



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to S\$21.4 million as it completed and delivered five R&R projects for the Moulmein-Kallang Town Council, Bishan-Toa Payoh Town Council, Pasir Ris-Punggol Town Council, National Environment Agency and SKK (S) Pte Ltd.

The Group's A&A business segment contributed S\$10.0 million in total revenue in HY2014, sliding marginally by 4.8% compared to S\$10.5 million in HY2013. This was derived largely from Neighbourhood Renewal Programme ("NRP") projects for Marine Parade Town Council, Tampines Town Council and Nee Soon Town Council.

In tandem with its strong revenue growth, ISOTeam's gross profit soared 37.0% to S\$5.4 million in HY2014 compared to S\$3.9 million in HY2013. However, the Group's gross profit margin was trimmed slightly from 17.7% in HY2013 to 16.8% in HY2014 as scale economies was not optimised due to the lower revenue contribution of the Group's A&A segment.

Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发) said of the Group's strong HY2014 results "Thanks to a strong showing from our R&R business, ISOTeam achieved a record set of results for HY2014 with a half-time revenue of S\$31.9 million compared to our full year revenue of S\$48.2 million in FY2013. With this robust performance, we cement our position as a top player in the R&R and A&A fields in Singapore, and are in a healthy financial position to further expand and tap on on-going initiatives by the Singapore government to renew and rejuvenate middle-aged and mature estates."

Earnings Per Share surged to 1.81 cents in HY2014 compared to 1.12 cents in HY2013. Net Asset Value as at 31 December 2013 rose to 18.53 cents as compared to 16.84 cents as at 30 June 2013. For comparative and illustrative purposes, these figures were calculated based on the post-IPO share capital of 117,595,831 shares in issue.



Future Outlook and Plans

In view that the Singapore government will continue to champion upgrading and rejuvenation works in both public and private sector projects, the Group believes demand for its R&R and A&A services will remain rosy for the foreseeable future. Reinforcing this is the fact that the Group is constantly tendering for projects and has secured a slew of projects in the last half year.

Said Mr Koh, "ISOTeam kept up our order win momentum and secured around S\$41.4 million worth of new R&R and A&A projects during HY2014. This has further boosted our order book to a very healthy S\$84.6 million as at 24 January 2014, which will be delivered progressively over the next two years. Adding another bright spark, we are the lowest tenderer for two projects worth approximately S\$9.2 million. We are definitely energised by this and will continue to push hard to seize any job opportunities that come our way."

The two projects for which the Group is a strong contender include NRP, electrical load upgrading and R&R works at Blks 534 to 566 Hougang Street 61, Street 52 and Avenue 9; and R&R works to 17 blocks at Pasir Ris Street 71.

As part of its growth strategies, the Group plans to continue to expand its portfolio by penetrating other areas of the public sector such as education institutions and army camps, and non-public sector projects such as Management Corporation Strata Title ("MCST"), industrial and commercial projects. Given Singapore's increasing drive towards sustainable living, the Group also intends to grow its green solutions business and is proactively exploring opportunities with strategic partners.

"ISOTeam is making progress in broadening our reach into untapped areas such as the MCST segment as evidenced by the award of a number of such contracts to us in HY2014. Moreover, our newly set up home retrofitting arm, Zara @ ISOTeam, has secured several contracts during the period and, we believe, is gaining traction. Going forward, we will intensify our efforts to break into new niche segments as well as introduce innovative new green solutions into our business," said Mr Koh.



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Notwithstanding the generally positive outlook for the R&R and A&A industry, the Group expects cost pressures from rising sub-contracting and labour expenses due to general inflation and increases in foreign workers' levies imposed by the Government. The Group also foresees a rise in paint prices due to increasing demand for refurbishment and repainting projects in Singapore as well as increase volatility in crude oil prices.

The Group, however, is confident of managing this situation having done so effectively in the past and has taken measures to deal with such hikes by factoring them in contracts with customers and Mr Koh assured, "ISOTeAM is relatively sheltered against these challenges due to the short timeframe nature of our projects which typically range from six to 24 months, this allows us to price in any changes in our costs structure into new contracts. Looking ahead, we will work hard to continue delivering exceptional results and follow through on our plans to expand the business and deliver value to our shareholders."

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About ISOTeAM Ltd.

Founded in 1998 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 12 July 2013, ISOTeAM Ltd. is an established player in the building maintenance and estate upgrading industry in Singapore. The Group is an early adopter of eco-conscious methods with over 15 years of Repairs & Redecoration (R&R) and Addition & Alteration (A&A) experience, and has successfully undertaken more than 230 public and private sector R&R and A&A projects involving close to 2,500 buildings.

Backed by a strong track record, ISOTeAM has been awarded BCA's L5 (CR09) grading, which gives it the ability to tender for R&R projects of up to \$13 million, as well as the B1 (CW01) grading for general building works, which gives it the ability to tender for projects of up to \$40 million. The Group is also the exclusive applicator of paint works for both SKK (since 1998) and Nippon Paint (since 2004) in the public housing sector in Singapore.

ISOTeAM's major customers include town councils, government bodies as well as private sector building owners. Some of its notable A&A projects include Tampines Neighbourhood 9 and Chestnut Estate. Over the years, ISOTeAM has repeatedly won tenders for projects even without being the lowest in price, which is a strong testament to its quality, reliability and safety track record in the industry. The Group's expertise in handling R&R projects has won it many awards and accolades. Some of its notable R&R projects include Ngee Ann Polytechnic, Rivervale Division and Sim Lim Tower.



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ISOTeam works with strategic partners and technology companies to develop and commercialise green solutions and products that it integrates into its projects. These include thermal plaster, which reduces the ambient temperature in buildings, slip resistant floor coating, anti-bacterial and self-cleaning surface coating and composite timber decking.

Issued by and on behalf of ISOTeam Ltd.

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ISOTeam Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 July 2013. The initial public offering of the Company was sponsored by Hong Leong Finance Limited (the "Sponsor").

This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this press release. This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this press release. The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.