



ISOTEAM LTD.

(Company Registration No. 201230294M)

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

PART 1 INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Consolidated Income Statement and Statement of Comprehensive Income

Income Statement	Note	Group Year Ended		Change %
		30.06.16 (Unaudited) \$'000	30.06.15 (Audited) \$'000	
Revenue		94,149	81,652	15.3
Cost of sales		(69,993)	(61,499)	13.8
Gross profit		24,156	20,153	19.9
Other income	(a)	1,926	947	103.4
Marketing and distribution expenses		(1,844)	(1,092)	68.9
General and administrative expenses		(12,067)	(9,466)	27.5
Finance costs		(383)	(252)	52.0
Other operating expenses		(1,497)	(771)	94.2
Profit before tax	(b)	10,291	9,519	8.1
Tax expense		(709)	(1,413)	(49.8)
Profit for the year		9,582	8,106	18.2
Profit attributable to:				
Equity holders of the Company		9,227	8,124	13.6
Non-controlling interest		355	(18)	N/M
		9,582	8,106	18.2
Statement of Comprehensive Income				
Profit for the year		9,582	8,106	18.2
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation gain		1	-	N/M
Other comprehensive income for the year, net of tax		1	-	N/M
Total comprehensive income for the year		9,583	8,106	18.2
Total comprehensive income attributable to:				
Equity holders of the Company		9,228	8,124	13.6
Non-controlling interests		355	(18)	N/M
		9,583	8,106	18.2

"N/M" denotes Not Meaningful if % of change is more than 300%

1(a)(ii) Notes to the Consolidated Income Statement and Statement of Comprehensive Income

	Group		Change %
	Year Ended		
	30.06.16 (Unaudited) \$'000	30.06.15 (Audited) \$'000	
(a) <u>Other income</u>			
Government grants	522	484	7.9
Gain on disposal of property, plant and equipment	520	179	190.5
Interest income	336	53	N/M
Rental income	37	25	48.0
Others	511	206	148.1
	1,926	947	
(b) <u>Profit before tax</u>			
This is arrived at after charging/(crediting):			
Audit fees payable/paid to auditor of the Company	214	205	4.4
Depreciation of property, plant and equipment	2,107	2,502	(15.8)
Gain on disposal of property, plant and equipment	(520)	(179)	190.5
Property, plant and equipment written off	2	24	(91.7)
Amortisation of intangible assets	1,497	193	N/M
Allowance for doubtful receivables	2	75	(97.3)
Bad debts written off	25	3	N/M
Inventory written off	-	3	(100.0)
Goodwill written off	-	578	(100.0)

"N/M" denotes Not Meaningful if % of change is more than 300%

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

1(b)(i) Statements of Financial Position

	Group		Company	
	As at 30.06.16 (Unaudited) \$'000	As at 30.06.15 (Audited) (Restated) \$'000	As at 30.06.16 (Unaudited) \$'000	As at 30.06.15 (Audited) \$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	16,429	9,721	-	-
Intangible assets	2,243	2,124	-	-
Investment in subsidiaries	-	-	27,604	24,046
Goodwill	2,658	2,483	-	-
Other investments	1,477	400	-	-
	<u>22,807</u>	<u>14,728</u>	<u>27,604</u>	<u>24,046</u>
<u>Current assets</u>				
Due from customers for contract work-in progress	17,053	12,081	-	-
Other investments	984	-	-	-
Inventories	180	158	-	-
Intangible assets	77	-	-	-
Trade and other receivables	19,105	16,517	4,686	2,541
Cash and bank balances	34,148	32,273	7,158	8,667
Total current assets	<u>71,547</u>	<u>61,029</u>	<u>11,844</u>	<u>11,208</u>
Total assets	<u>94,354</u>	<u>75,757</u>	<u>39,448</u>	<u>35,254</u>
<u>Non-current liabilities</u>				
Bank borrowings	2,162	569	-	-
Finance lease liabilities	1,269	859	-	-
Deferred tax liabilities	869	681	-	-
Total non-current liabilities	<u>4,300</u>	<u>2,109</u>	<u>-</u>	<u>-</u>
<u>Current liabilities</u>				
Due to customers for contract work-in-progress	8,638	5,382	-	-
Bank borrowings	4,131	2,360	1,209	-
Trade and other payables	22,004	17,459	3,415	3,014
Finance lease liabilities	662	519	-	-
Tax payables	707	1,545	-	-
Total current liabilities	<u>36,142</u>	<u>27,265</u>	<u>4,624</u>	<u>3,014</u>
Total liabilities	<u>40,442</u>	<u>29,374</u>	<u>4,624</u>	<u>3,014</u>
Net assets	<u>53,912</u>	<u>46,383</u>	<u>34,824</u>	<u>32,240</u>

	Group		Company	
	As at 30.06.16 (Unaudited) \$'000	As at 30.06.15 (Audited) (Restated) \$'000	As at 30.06.16 (Unaudited) \$'000	As at 30.06.15 (Audited) \$'000
Share capital and reserves				
Share capital	29,618	29,618	29,618	29,618
Treasury shares	(373)	-	(373)	-
Accumulated profits	31,726	24,143	5,623	2,622
Foreign currency translation reserve	1	-	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserve	(151)	(107)	(44)	-
Equity attributable to equity holders of the Company	53,483	46,316	34,824	32,240
Non-controlling interest	429	67	-	-
Total equity	53,912	46,383	34,824	32,240

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

	Group			
	As at 30 June 2016		As at 30 June 2015	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	4,793	-	2,879	-
Amount repayable after one year	3,431	-	1,428	-
	8,224	-	4,307	-

Details of any collaterals

- Bank borrowings amounting to \$1.7 million are secured by pledged fixed deposits and corporate guarantees from the Company.
- Bank borrowings amounting to \$1.2 million are secured by corporate guarantees from a subsidiary.
- Bank borrowings amounting to \$0.7 million are secured by a legal mortgage over the leasehold property of a subsidiary, pledged fixed deposits and corporate guarantees from the Company.
- Bank borrowings amounting to \$2.0 million are secured by legal mortgage over the leasehold properties of subsidiaries, and corporate guarantees from the Company.
- Bank borrowings amounting to \$0.7 million are secured by a legal mortgage over the leasehold property of a subsidiary and corporate guarantees from the Company.
- Finance lease obligations of the Group are secured by the rights to the leased equipment, machinery and motor vehicles. Certain directors of the Company have provided personal guarantees for certain finance lease liabilities.

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

1(c)(i) Consolidated Statement of Cash Flows

	Note	Group Year Ended	
		30.06.16 (Unaudited) \$'000	30.06.15 (Audited) (Restated) \$'000
Cash flows from operating activities			
Profit before income tax		10,291	9,519
Adjustment for: -			
Depreciation of property, plant and equipment		2,107	2,502
Gain on disposal of property, plant and equipment		(520)	(179)
Property, plant and equipment written off		2	24
Amortisation of Intangible assets		1,497	193
Allowance for doubtful receivables		2	75
Bad debts written off		25	3
Inventory written off		-	3
Goodwill written off		-	578
Interest income		(336)	(53)
Interest expense		351	148
Operating cash flows before working capital changes		13,419	12,813
Contract work-in-progress		(1,358)	(1,486)
Inventories		(22)	3
Trade and other receivables		4,781	3,420
Trade and other payables		529	3,515
Cash generated from operations		17,349	18,265
Interest received		336	53
Interest paid		(343)	(141)
Tax paid		(1,737)	(1,114)
Net cash generated from operating activities		15,605	17,063
Cash flows from investing activities			
Purchase of other investments		(2,067)	-
Purchases of property, plant and equipment		(4,681)	(2,489)
Proceeds from disposal of property, plant and equipment		1,001	1,213
Net cash outflow on acquisition of subsidiaries	(a)	(2,171)	(3,257)
Net cash used in investing activities		(7,918)	(4,533)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net of expenses		-	6,427
Dividend paid		(1,644)	(1,176)
Acquisition of non-controlling interests		-	(223)
Purchase of treasury shares		(1,965)	-
Capital contributed by non-controlling interest		7	-
Repayment to related parties (non-trade)		-	(2)
Fixed deposits (pledge)/ release to bank		(191)	303
Drawdown of bank borrowings		3,767	269
Repayment of bank borrowings		(5,252)	(2,575)
Repayment of finance lease		(725)	(537)
Net cash (used in)/ generated from financing activities		(6,003)	2,486

1(c)(i) Consolidated Statement of Cash Flows (CON'T)

	Note	Group Year Ended	
		30.06.16 (Unaudited)	30.06.15 (Audited) (Restated)
		\$'000	\$'000
Net increase in cash and cash equivalents		1,684	15,016
Cash and cash equivalents at beginning of financial year		30,675	15,659
Cash and cash equivalents at end of financial year		<u>32,359</u>	<u>30,675</u>

1(c)(ii) Notes to the Consolidated Statement of Cash Flows

Cash and cash equivalents included in the consolidated statement of cash flows consist of the following:-

	Group Year Ended	
	30.06.16 (Unaudited)	30.06.15 (Audited)
	\$'000	\$'000
Cash in hand and at bank	16,111	20,632
Fixed deposits	18,037	11,641
	<u>34,148</u>	<u>32,273</u>
Less: Fixed deposits pledged	(1,789)	(1,598)
	<u>32,359</u>	<u>30,675</u>

(a) **Net cash outflows on acquisition of subsidiaries**

Property, plant and equipment	231	5,406
Net amounts due from/(to) customers for contract work-in-progress	358	(254)
Inventories	-	29
Trade and other receivables	7,396	5,831
Cash and bank balances	229	1,582
Trade and other payables	(3,383)	(2,716)
Bank overdraft	(115)	(284)
Bank borrowings	(2,260)	(1,827)
Tax payables	(4)	(91)
Deferred tax liabilities	(373)	(753)
Total identifiable net assets at fair value	<u>2,079</u>	<u>6,923</u>
Non-controlling interests	-	(138)
Fair value of intangible assets	1,694	2,317
Goodwill	175	3,061
Total purchase consideration:	<u>3,948</u>	<u>12,163</u>
Less non-cash consideration (share issuance)	(1,548)	(7,324)
Consideration settled in cash	<u>2,400</u>	<u>4,839</u>
Less cash and cash equivalents of subsidiaries acquired	(229)	(1,582)
Net cash outflow on acquisition of subsidiaries	<u>2,171</u>	<u>3,257</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to equity holders of the Group							
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign Currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2014	15,867	-	(7,338)	-	-	17,195	63	25,787
Profit and total comprehensive income for the year	-	-	-	-	-	8,124	(18)	8,106
Contribution by and distributions to equity holders								
Issue of shares	6,620	-	-	-	-	-	-	6,620
Share issue expenses	(193)	-	-	-	-	-	-	(193)
Dividend	-	-	-	-	-	(1,176)	-	(1,176)
Issuance of shares pursuant to acquisition of subsidiaries	7,324	-	-	-	-	-	22	7,346
	13,751	-	-	-	-	(1,176)	22	12,597
Changes in ownership interest in a subsidiary								
Acquisition of non-controlling interest without a change in control	-	-	-	-	(107)	-	-	(107)
	-	-	-	-	(107)	-	-	(107)
Total transactions with equity holders of the Company	13,751	-	-	-	(107)	(1,176)	22	12,490
Balance at 30 June 2015	29,618	-	(7,338)	-	(107)	24,143	67	46,383

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Group	Attributable to equity holders of the Group							
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2015	29,618	-	(7,338)	-	(107)	24,143	67	46,383
Profit for the year	-	-	-	-	-	9,227	355	9,582
Other comprehensive income								
Foreign currency translation gain	-	-	-	1	-	-	-	1
Other comprehensive income for the year, net of tax	-	-	-	1	-	-	-	1
Total comprehensive income for the year	-	-	-	1	-	9,227	355	9,583
Contribution by and distribution to equity holders								
Dividend	-	-	-	-	-	(1,644)	-	(1,644)
Purchase of treasury shares	-	(1,965)	-	-	-	-	-	(1,965)
Treasury shares reissued pursuant to acquisition of a subsidiary	-	1,592	-	-	(44)	-	-	1,548
	-	(373)	-	-	(44)	(1,644)	-	(2,061)
Change in ownership interest in subsidiary								
Incorporation of a subsidiary	-	-	-	-	-	-	7	7
	-	-	-	-	-	-	7	7
Total transaction with equity holders of the Company	-	(373)	-	-	(44)	(1,644)	7	(2,054)
Balance at 30 June 2016	29,618	(373)	(7,338)	1	(151)	31,726	429	53,912

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Company	Attributable to equity holders of the Company						Total equity \$'000
	Share Capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Non- controlling interest \$'000	
Balance at 1 July 2014	15,867	-	-	-	2,027	-	17,894
Profit and total comprehensive income for the year	-	-	-	-	1,771	-	1,771
Contribution by and distributions to equity holders							
Issue of shares	6,620	-	-	-	-	-	6,620
Share issue expenses	(193)	-	-	-	-	-	(193)
Dividend	-	-	-	-	(1,176)	-	(1,176)
Issuance of shares pursuant to acquisition of subsidiaries	7,324	-	-	-	-	-	7,324
	13,751	-	-	-	(1,176)	-	12,575
Balance at 30 June 2015	29,618	-	-	-	2,622	-	32,240
Balance at 1 July 2015	29,618	-	-	-	2,622	-	32,240
Profit and total comprehensive income for the year	-	-	-	-	4,645	-	4,645
Contribution by and distributions to equity holders							
Dividend	-	-	-	-	(1,644)	-	(1,644)
Purchase of treasury shares	-	(1,965)	-	-	-	-	(1,965)
Treasury shares reissued pursuant to acquisition of a subsidiary	-	1,592	-	(44)	-	-	1,548
	-	(373)	-	(44)	(1,644)	-	(2,061)
Balance at 30 June 2016	29,618	(373)	-	(44)	5,623	-	34,824

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
As at 30 June 2015	142,933,295	-
Share buyback during the financial year	(3,680,000)	3,680,000
Treasury shares reissued pursuant to the acquisition of a subsidiary*	2,539,683	(2,539,683)
Bonus shares issued**	142,872,978	60,317
As at 30 June 2016	284,665,956	1,200,634

* 2,539,683 treasury shares were transferred to owner of TMG Projects Pte. Ltd. as part consideration for acquisition of a subsidiary on 15 January 2016.

** 142,933,295 bonus shares (comprising 142,872,978 new shares and 60,317 treasury shares) were allotted and issued on 29 February 2016 pursuant to the Company's 1-for-1 bonus issue exercise.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	As at 30.06.16	As at 30.06.15
Number of ordinary shares issued and fully paid	285,866,590	142,933,295
Treasury shares	(1,200,634)	-
Number of ordinary shares issued and fully paid (excluding treasury shares)	<u>284,665,956</u>	<u>142,933,295</u>

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2,539,683 treasury shares were transferred to owner of TMG Projects Pte. Ltd. pursuant to the acquisition of the subsidiary during the year ended 30 June 2016. Subsequent to the aforementioned transfer, the number of treasury shares is 1,200,634.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial information for the current financial year as those used in the audited financial statements for the financial year ended 30 June 2015, except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 July 2015. The adoption of these FRS has no material impact on the Group's financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 29 February 2016, the Company issued 142,933,295 ordinary shares pursuant to the bonus issue on the basis of one bonus share for every one existing ordinary shares. Following the issue of bonus shares, the aggregate number of issued shares excluding treasury shares increased from 142,933,295 to 284,665,956 shares. As a result, the number of ordinary shares used for the earning per share and net assets value per share calculations has been adjusted retrospectively as required by FRS 33.

Reclassification has been made to previous year's financial statements to reclassify accrued progress billings in trade and other receivables to amount due from customers for contract work-in-progress in accordance to FRS11, Construction Contracts. The comparative figures have been restated as follows:

	Group	
	As at 30.06.15 (Previously reported) \$'000	As at 30.06.15 (Restated) \$'000
Current assets:		
Due from customers for contract work-in-progress	2,534	12,081
Trade and other receivables	26,064	16,517
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6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share ("EPS")	Group	
	Year Ended	
	30.06.16	30.06.15 (Restated)
Profit attributable to equity holders of the Company (\$'000)	9,227	8,124
Weighted average number of ordinary shares ⁽¹⁾	285,746,788	251,797,654
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	3.23	3.23

Notes:

- (1) The calculation for the basic and diluted EPS for the respective financial years is based on the weighted average number of ordinary shares in issue during the financial years.
- (2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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

Net assets value ("NAV")	Group		Company	
	As at 30.06.16	As at 30.06.15 (Restated)	As at 30.06.16	As at 30.06.15 (Restated)
NAV (\$'000)	53,483	46,316	34,824	32,240
Number of ordinary shares	284,665,956	285,866,590	284,665,956	285,866,590
NAV per ordinary share (cents)	18.79	16.20	12.23	11.28

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE

Revenue	Group					Change
	Year Ended					
	30.06.16		30.06.15			
	\$'000	%	\$'000	%	%	
R&R	40,248	42.7	54,467	66.7	(26.1)	
A&A	24,390	25.9	17,403	21.3	40.1	
C&P	11,750	12.5	3,550	4.4	231.0	
Others ⁽¹⁾	17,761	18.9	6,232	7.6	185.0	
	94,149	100.0	81,652	100.0	15.3	

Note:

- (1) Others included revenue from commercial interior designs ("ID"), home retrofitting business, landscaping works, leasing service, waterproofing and green solutions business.

"N/M" denotes Not Meaningful if % of change is more than 300%

Revenue

Group revenue increased by \$12.5 million or 15.3% from \$81.7 million for FY2015 to \$94.2 million for FY2016. Revenue from the Group's R&R business decreased by \$14.2 million or 26.1% from \$54.5 million for FY2015 to \$40.3 million for FY2016, due to slower and lower revenue recognition. This was derived largely from projects awarded by Pasir Ris-Punggol Town Council, SKK (S) Pte Ltd, Housing & Development Board ("HDB"), Tanjong Pagar Town Council and Tampines Town Council. Revenue contribution from the Group's Addition and Alteration ("A&A") business segment increased by \$7.0 million or 40.1% from \$17.4 million for FY2015 to \$24.4 million for FY2016. This was derived largely from Pasir Ris-Punggol Town Council, Marine Parade Town Council, Tampines Town Council, Chua Chu Kang Town Council and Bishan-Toa Payoh Town Council. Revenue from the Group's Coating and Painting ("C&P") business segment has contributed \$11.8 million. This was derived largely from projects awarded by Welltech Construction Pte Ltd, Sato Kogyo (S) Pte Ltd, Singapore Piling & Civil Engineering Pte Ltd, San Keong Construction Pte Ltd and Soil-Build (Pte) Ltd. Revenue contribution from the Group's others business segment rose from \$6.2 million for FY2015 to \$17.8 million for FY2016. This was derived largely from ID works from Public Service Division and Woh Hup Pte Ltd, waterproofing works from Ang Mo Kio Town Council, landscaping works from HDB and rental income for leasing services.

Gross profit and gross profit margin

The Group's gross profit increased by \$4.0 million or 19.9% from \$20.2 million in FY2015 to \$24.2 million in FY2016 mainly due to higher margin contributed by R&R, A&A and C&P works.

Other income

The Group's other income increased by \$0.9 million or 103.4% from \$1.0 million in FY2015 to \$1.9 million in FY2016. The increase was mainly due to increase in gain on disposal of property, plant and equipment of \$0.3 million, increase in interest income of \$0.3 million and increase in other income of \$0.3 million. Other income comprised mainly rebates from the suppliers for the bulk quantity purchase and sales of scrap material.

Marketing and distribution expenses

The Group's marketing and distribution expenses increased by \$0.7 million or 68.9% from \$1.1 million in FY2015 to \$1.8 million in FY2016. The increase was mainly due to increase in depreciation of motor vehicles and its running expenses such as diesel & petrol expenses and repair & upkeep expenses which is in line with the additional fixed assets purchased and staff costs arising from the acquisitions of new subsidiaries.

General and administrative expenses

The Group's general and administrative expenses increased by \$2.6 million or 27.5% from \$9.5 million in FY2015 to \$12.1 million in FY2016. The increase was mainly attributable to (i) increase in staff costs of \$1.7 million mainly due to expansion of the business and acquisition of a new subsidiary; (ii) increase in depreciation of \$0.7 million; and (iii) increase in overhead cost of \$0.2 million which is in line with the expansion of business and acquisition of new subsidiaries.

Finance costs

The Group's finance costs increased by \$0.1 million or 52.0% from \$0.3 million in FY2015 to \$0.4 million in FY2016. The increase was mainly attributable to interest incurred for trust receipt and the property loan.

Other operating expenses

The Group's other operating expenses increased by \$0.7 million or 94.2% from \$0.8 million in FY2015 to \$1.5 million in FY2016. The increase was mainly attributable to an increase in amortisation of intangible assets of \$1.3 million and offset by decrease in goodwill written off of \$0.6 million arising from the acquisitions of new subsidiaries.

Profit before tax

As a result of the above, our profit before tax increased by \$0.8 million or 8.1% from \$9.5 million in FY2015 to \$10.3 million in FY2016.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by \$8.1 million or 54.9% from \$14.7 million as at 30 June 2015 to \$22.8 million as at 30 June 2016, mainly due to (i) acquisition of new assets of \$9.1 million, which was offset by the depreciation of fixed assets of \$2.1 million and the disposal of assets of \$0.5 million during FY2016; (ii) assets from newly acquired subsidiaries of \$0.2 million; (iii) intangible assets and goodwill arising from the acquisition of a new subsidiary of \$1.7 million in FY2016 and offset by amortisation of intangible assets of \$1.4 million arising from the acquisition of new subsidiaries in FY2015 and FY2016; and (iv) investment in bonds of \$1.1 million.

Current assets

The increase in current assets of \$10.6 million or 17.2% from \$61.0 million as at 30 June 2015 to \$71.6 million as at 30 June 2016 was attributed mainly due to the increase in cash and bank balances of \$1.9 million, the increase in trade and other receivables of \$2.6 million, increase in amounts due from customers for contract work-in-progress of \$5.0 million, increase in intangible assets of \$0.1 million and increase in investment in bonds of \$1.0 million.

Non-current liabilities

The increase in non-current liabilities of \$2.2 million or 103.9% from \$2.1 million as at 30 June 2015 to \$4.3 million as at 30 June 2016 was attributed to the drawdown of bank borrowings of \$1.6 million, finance lease facilities of \$0.4 million and increase in deferred tax liabilities of \$0.2 million.

Current liabilities

The increase in current liabilities of \$8.8 million or 32.6% from \$27.3 million as at 30 June 2015 to \$36.1 million as at 30 June 2016 was attributed mainly to the increase in amounts due to customers for contract work-in-progress of \$3.2 million, increase in trade and other payables of \$4.5 million, drawdown of bank borrowings of \$1.8 million, drawdown of finance lease liabilities of \$0.1 million and decrease in tax payable of \$0.8 million.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash generated from operating activities

The Group generated a net cash of \$13.4 million from operating activities before changes in working capital. Net working capital inflows amounted to \$3.9 million. This was mainly due to decrease in trade and other receivable of \$4.8 million, increase in trade and other payable of \$0.5 million and increase contract work-in-progress of \$1.4 million. After payment of income tax of \$1.7 million and interest of \$0.3 million after offsetting with interest received of \$0.3 million, the net cash generated from operating activities amounted to approximately \$15.6 million.

Net cash used in investing activities

Net cash used in investing activities amounted to \$7.9 million, which was mainly attributable to the purchase of plant and equipment of \$4.7 million which is offset with the proceeds from disposal of property, plant and equipment of \$1.0 million, investment in bonds of \$2.1 million and net cash outflow on acquisition of a subsidiary of \$2.1 million.

Net cash generated from financing activities

Net cash used in financing activities of \$6.0 million was mainly due to net repayment of bank borrowing of \$1.5 million, repayment of finance lease of \$0.7 million, fixed deposit pledged to the bank of \$0.2 million, dividend payment of \$1.6 million and purchase of treasury shares of \$2.0 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to the shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group views that revenue will continue to be driven by awarded projects which will in turn be dependent on there being no delay or cancellation in the commencement or continuation of awarded projects and it expects to benefit from the general increase in public sector upgrading, retrofitting and maintenance of buildings and facilities activities in Singapore. The Group will continue to bid for these projects as well as projects in the private sector. Looking ahead, the Group continues to see better demand for its R&R and A&A services in view of on-going initiatives by the Singapore government to renew and rejuvenate middle-aged and mature estates.

Notwithstanding the above, the construction related service industry outlook is expected to be challenging in the next 12 months with the intense price competition and labour cost remains high due to higher foreign workers' levies.

Despite the challenging market conditions in the industry, the Group is cautiously optimistic in looking for opportunities overseas through acquisition, strategic alliances and/or joint venture by leveraging its established track record and expertise. The Group also intends to look beyond the local market and evaluate the prospects of bringing our expertise to tap on the infrastructure boom around us by offering total maintenance solution services.

The Group's order book as at 3 August 2016 stood at \$94.1 million (including \$50.1 million worth of new R&R, A&A, C&P and waterproofing projects secured by the Group during the second half of FY2016) which will be progressively delivered over the next two years. In addition to the order book, the Group is currently the lowest tenderer for 3 projects pending tender award confirmation, namely R&R to National Environment Agency Market / Food Centre, R&R to the Ministry of Health and Reroofing to Selegie Road, worth \$5.7 million.

11 Dividend

(a) Dividend declared (recommended) for the current financial year reported on

A final dividend has been recommended in respect of the current financial year ended 30 June 2016.

Name of dividend	Final (proposed)
Dividend type:	Cash
Dividend amount per ordinary share (cents) :	0.75
Tax rate:	Tax exempt (1-Tier)

The Directors are pleased to propose a final tax-exempt (one-tier) dividend of 0.75 cent per ordinary share in respect of FY2016 for approval by shareholders at the forthcoming Annual General Meeting, amounting to \$2.1 million based on 284,665,956 ordinary shares.

(b) Dividend declared (recommended) for the corresponding period of the immediately preceding financial year

A final tax-exempt (one-tier) dividend of 1.15 cent per ordinary share was declared in respect of FY2015.

(c) Date payable

To be determined and announced at a later date.

(d) Books closure date

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine shareholders' entitlement to the dividend.

12 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13 If the group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii).

14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

- 15 **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

FY 2016	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	40,248	24,390	11,750	17,761	94,149
Segment profits	14,943	4,945	2,496	1,772	24,156
Segment assets	22,538	11,272	5,999	12,716	52,525
Unallocated assets					41,829
Total assets					94,354
Segment liabilities	7,757	3,552	930	7,444	19,683
Unallocated liabilities					20,759
Total liabilities					40,442
FY 2015					
Segment revenue	54,467	17,403	3,550	6,232	81,652
Segment profits	16,109	2,496	485	1,063	20,153
Segment assets (restated)	23,955	9,262	4,056	3,516	40,789
Unallocated assets					34,968
Total assets					75,757
Segment liabilities	12,325	2,864	103	575	15,867
Unallocated liabilities					13,507
Total liabilities					29,374

- 16 **In the review of performance, the factors, leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

- 17 **A breakdown of sales.**

	Group		Change
	30.06.16	30.06.15	
	\$'000	\$'000	%
Sales reported for first half year	44,689	38,954	14.7
Operating profit after tax before deducting minority interest reported for first half year	4,540	4,067	11.6
Sales reported for second half year	49,460	42,698	15.8
Operating profit after tax before deducting minority interest reported for second half year	5,042	4,039	24.9

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend	FY 2016	FY 2015
	\$'000	\$'000
Ordinary shares	1,644	1,176

19 **Use of placement proceeds**

The Company received gross proceeds of approximately \$5.0 million and as at the date of this announcement, the placement proceeds have been utilised as follows:

Intended purposes	Amount Allocated \$'000	Amount Utilised \$'000	Balances \$'000
To fund capital expenditures	3,000	(549)	2,451
To fund new investments and business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	(82)	1,418
General working capital	536	(536)	-
Total	5,036	(1,167)	3,869

20 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10), the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

David Ng Cheng Lian
Executive Chairman
24 August 2016

Anthony Koh Thong Huat
CEO

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.