ISOTEAM

BUILDING MOMENTUM

ISOTEAM LTD. ANNUAL REPORT 2016

CONTENTS

CORPORATE PROFILE

Founded in 1998 and listed on the Catalist Board of the SGX-ST (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. (**"ISOTeam" or the "Group"**) is one of the most trusted names in the building maintenance and estate upgrading industry in Singapore with a proven track record.

Since its inception, ISOTeam has successfully completed more than 320 Repairs & Redecoration (**"R&R"**), Addition & Alteration (**"A&A"**) and specialised Coating and Painting (**"C&P"**) projects for over 3,200 buildings, making us a leading player in this field. Our reputation for quality, speed and safety, together with winning edge in eco-conscious innovations, has won the trust and confidence of our customers, allowing us to repeatedly secure tenders over the years.

In addition to R&R, A&A and C&P, we also offer a comprehensive suite of building and maintenance services, making ISOTeam a total maintenance solutions provider in this area. Our services include eco-friendly solutions, interior design and fitting-out (**"ID"**), landscaping, leasing of height access equipment, digital handyman services, and customised architectural/engineering solutions.

ISOTeam has a diverse clientele that include, amongst others, town councils, government bodies and private sector building owners. In Singapore, ISOTeam is the exclusive paint applicator for Nippon Paint Singapore and SKK Singapore for the public housing sector, and for SKK for Jurong Town Corporation (**"JTC"**) and Housing & Development Board (**"HDB"**) industrial projects and army camps.

For more information, please visit **www.isoteam.com.sg**.

This annual report 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 annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

OUR VISION

To be Singapore's Number 1 and Preferred Partner in Total Maintenance Solutions.

OUR MISSION

To achieve 100% customer satisfaction through the delivery of quality, cost-efficient, reliable services and to do no harm to the environment.

OUR VALUES

PEOPLE DEVELOPMENT

Our people are our key assets.
To maintain a highly competent workforce, we offer fulfilling career prospects and develop career roadmaps to help our employees achieve their individual potential.

PERFORMANCE AND ACCOUNTABILITY

We perform our work with integrity and enthusiasm.
We set Key Performance Indicators for ourselves to ensure that we uphold the high standards that our customers expect.

CUSTOMER FOCUS

Our customers come first.
We make an effort to understand their needs so that we can offer the best solutions to achieve the desired outcome.

RELATIONSHIP AND BONDING

We value our stakeholders and business partners.
We are committed to building mutually beneficial relationships with our stakeholders and business partners that are based on a foundation of trust and respect.

TEAMWORK

We believe team effort achieves the best results.
We actively seek out opportunities to collaborate with partners to achieve shared goals in areas such as business expansion and product innovation.

OUR BUSINESS

GREEN INITIATIVES APPLIED ACROSS ALL SEGMENTS

Green Procurement Policy | Green Construction Methodology | Green Partnerships

R&R		A&A		C&P	
Architectural and Engineering Solutions	ID (Interior Design and Fitting-out)	Eco-Friendly Solutions	Height Access Equipment	Landscaping	Digital Handyman Services ISOHomeCare.com

R&R | A&A | C&P | Others – comprising complementary niche services

R&R

- Repainting, repair and redecoration
- Waterproofing and reroofing
- Improvement works
- Routine maintenance
- Term contract works

A&A

- Neighbourhood Renewal Programme ("**NRP**")
- Hawker Centres Upgrading Programme ("**HUP**")
- Estate Upgrading Programme ("**EUP**")
- Home Improvement Programme ("**HIP**")
- Electrical Load Upgrading ("**ELU**")

C&P

- New build painting
- Eco-friendly coating
- Architectural and protective coating
- Fireproofing coating
- Niche industrial coating

ARCHITECTURAL AND ENGINEERING SOLUTIONS

- Commercial A&A works
- Building services
- Engineering works
- Architectural and commercial interior construction solutions
- Advanced building technologies

ID

- Interior design and fitting-out
- Design and build works
- Home retrofit and fit-out services
- Property maintenance and enhancement

ECO-FRIENDLY SOLUTIONS

- Thermal insulating plaster
- Anti-slip floor coating
- Green label intumescent fireproofing coating
- Composite timber decking
- Renewable energy installation

HEIGHT ACCESS EQUIPMENT

- Leasing of boom lifts
- Leasing of scissor lifts
- Leasing of personnel lifts
- Leasing of forklifts
- Leasing of telehandlers

LANDSCAPING

- Vertical gardens
- Horticulture services and maintenance
- Floating plantings
- Niche landscaping services

DIGITAL HANDYMAN SERVICES

- Home care and upgrading
- General repairs and maintenance

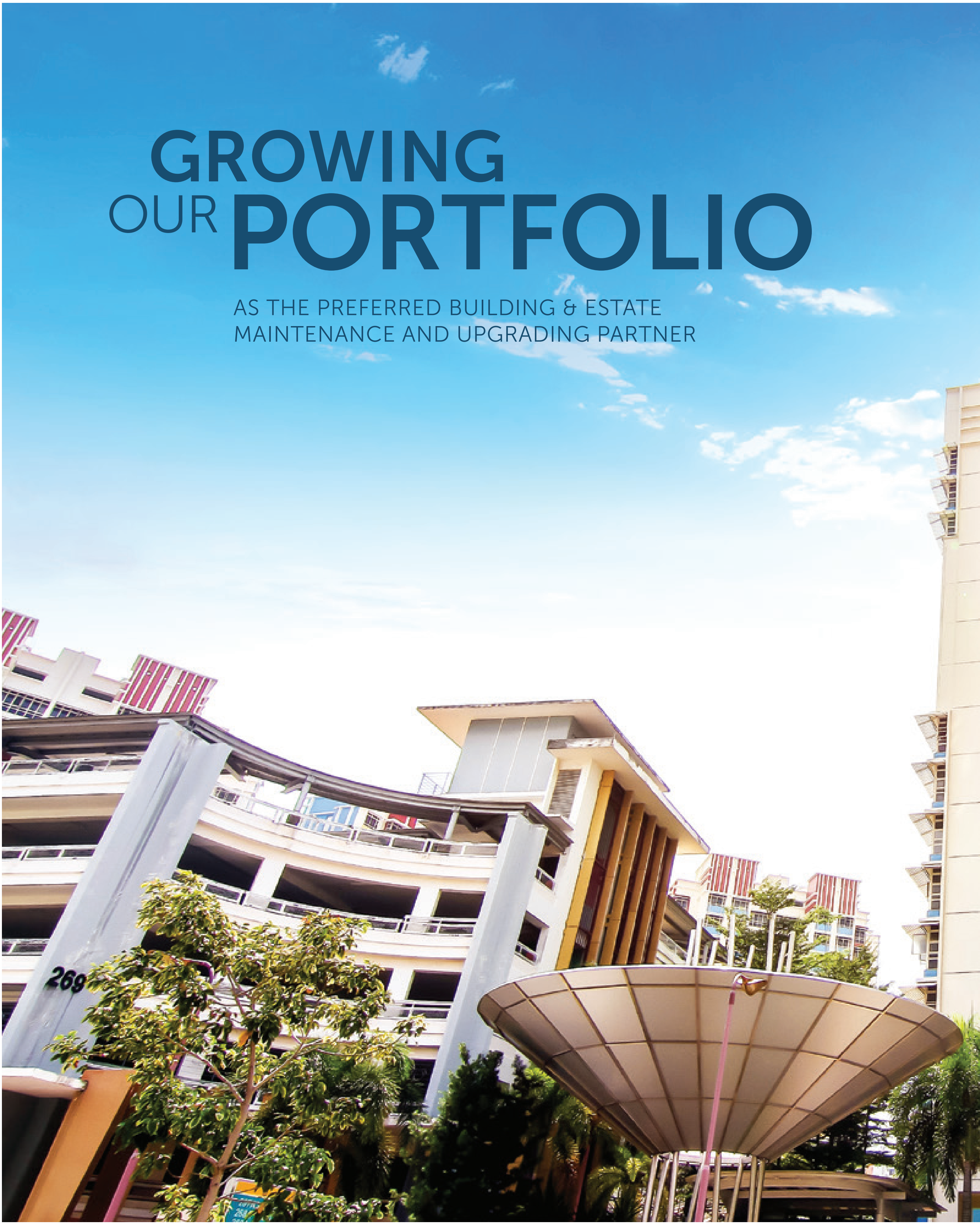
CORPORATE STRUCTURE

ISOTEAM

RAYMOND CONSTRUCTION 100% ◆ A&A	ISOTEAM CORPORATION 100% ◆ A&A ◆ R&R	TMS ALLIANCES 100% ◆ R&R ◆ ISOHomecare digital handyman services	ITG-GREEN TECHNOLOGIES 100% ◆ Eco-friendly solutions/ products
ISOSEAL WATERPROOFING 100% ◆ Reroofing ◆ Waterproofing	ZARA @ISOTEAM 51% ◆ Interior fitting-out works	ISOTEAM ACCESS 100% ◆ Rental/sale of height access equipment	ISOTEAM C&P 100% ◆ Specialised coating & painting
ISO LANDSCAPE 100% ◆ Niche landscaping ◆ Horticultural services	INDUSTRIAL CONTRACTS MARKETING 100% ◆ Fireproofing coating ◆ Floor-coating application ◆ Specialist new-build painting	ISOTEAM TMG 100% ◆ Specialist A&A ◆ Architectural and commercial interior design	ISOTEAM TMS MYANMAR 90% ◆ R&R in Myanmar A subsidiary of TMS Alliances Pte. Ltd.

GROWING OUR PORTFOLIO

AS THE PREFERRED BUILDING & ESTATE MAINTENANCE AND UPGRADING PARTNER



ISOTeam has over the years expanded its capacity to take on more maintenance and upgrading work as well as projects of larger scale. Since inception, we have undertaken over 320 R&R and A&A projects comprising more than 3,200 buildings, while for interior fitting-out and design services, we have delivered over 81 projects exceeding $15.7 million in value since 2013.


310+
PUBLIC HOUSING
AND AROUND
654
PRIVATE
RESIDENTIAL R&R
PROJECTS
18+
NRP PROJECTS AND
28
MARKETS AND
FOOD CENTRES IN
SINGAPORE FOR
HUP AND R&R

EXPANDING OUR CAPABILITIES

AUGMENTING OUR INDUSTRY EXPERTISE THROUGH STRATEGIC ACQUISITIONS

Since ISOTeam's IPO in July 2013, we have made several significant acquisitions to expand our capabilities in line with our vision "To be Singapore's Number 1 and Preferred Partner in Total Maintenance Solutions". Our newfound skills have enabled the Group to achieve a quantum revenue surge in our Coating & Painting and Others segments.


C&P:
13 PROJECTS VALUED
AT $11.8 MILLION
COMPLETED IN FY2016;
231%
SALES GROWTH
OTHERS:
12 MAJOR PROJECTS
WORTH $17.8 MILLION
COMPLETED IN FY2016;
185%
SALES GROWTH

MAKING AN IMPACT

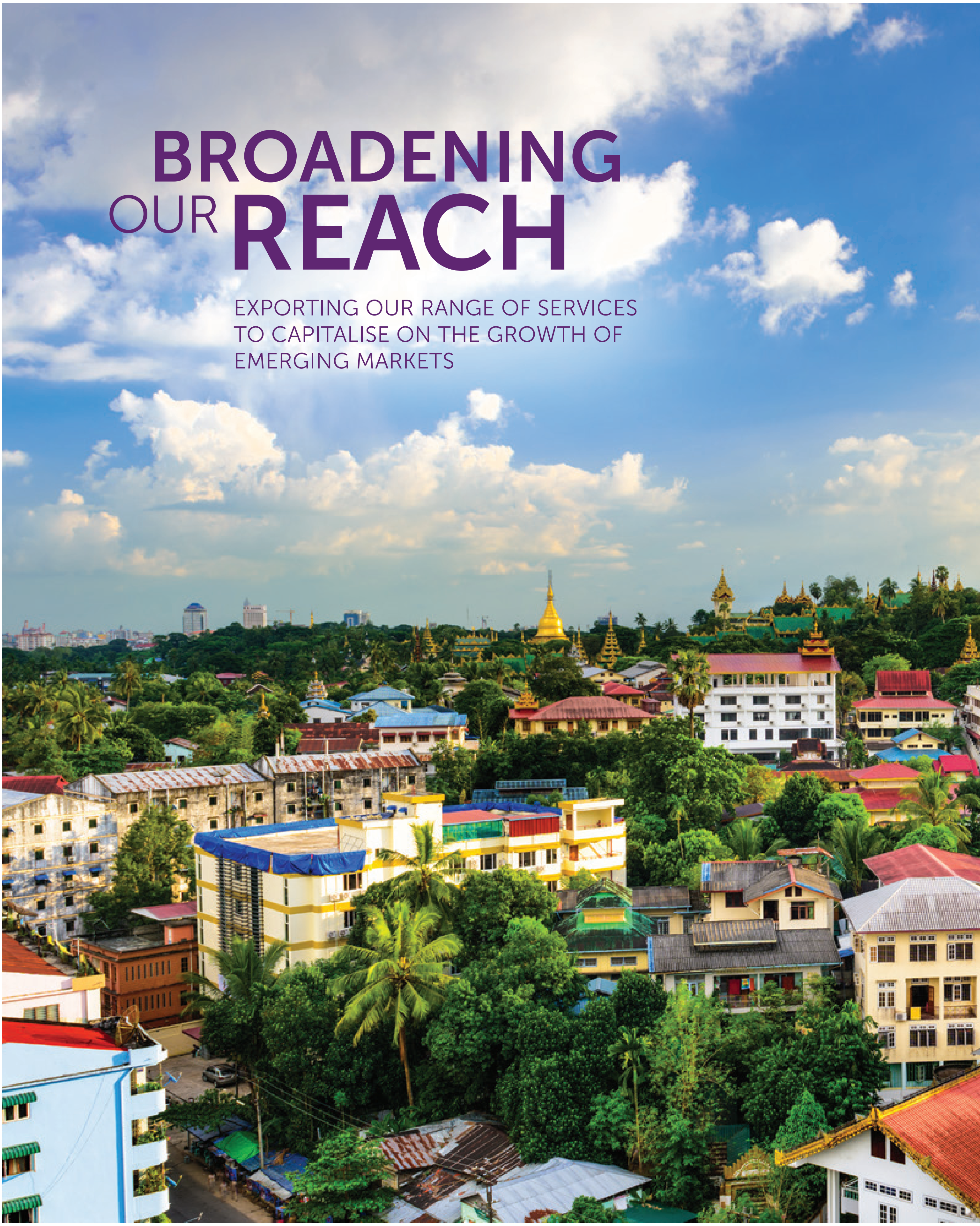
ENHANCING THE LIVING SPACES OF OUR HOMES & COMMUNITIES

ISOTeam has continued to make a difference to the interiors and exteriors of buildings across Singapore. We have not only enhanced the liveability of housing estates and living spaces of homeowners, we have also completed several notable commercial projects for luxury brands including Palio restaurant at Resorts World Sentosa and the showrooms of Aston Martin, Bentley and Jaguar.


R&R:
211 HDB BLOCKS FOR
16 PROJECTS WORTH
$40.2M
DELIVERED IN FY2016
A&A:
11 PROJECTS
TOTALLING
$24.4M
COMPLETED IN FY2016

BROADENING OUR REACH

EXPORTING OUR RANGE OF SERVICES TO CAPITALISE ON THE GROWTH OF EMERGING MARKETS



With our business firmly established in Singapore, ISOTeam in FY2016 decided to cast our net wider to make our first foray overseas. Together with long-time business partner, Nippon Paint Singapore, we established a joint venture in Myanmar to offer painting services to the booming infrastructure market. Going forward, we are also looking at opportunities to export our capabilities to Malaysia and Indonesia.


1st
OVERSEAS FORAY TO MYANMAR IN APRIL
1st
PAINTING JOB WON IN AUGUST

CERTIFICATIONS & ACCOLADES

ACCREDITATIONS

ISO 14001:2004[1]

bizSAFE Level Star

bizSAFE Level 3

OHSAS 18001:2007[1]

ISO 9001:2008[2]

OHSAS 18001:2007[2]

ACCOLADES

One Asia Awards 2015 – Distinguished Award (Overall Winner) (awarded to CEO)

2011 Successful Entrepreneur (awarded to founders)

BCA Green Mark Certification (Head Office)

Singapore Green Building Council (Member)

BCA Green and Gracious Builder Award (Excellent)

BCA LICENSES

General Building (CW01) Grade B1 ($42 million)

Repairs and Redecoration (CR09) Grade L5 ($14 million)

Housekeeping, Cleansing, Desilting and Conservancy Service (MW02) Grade L1 ($0.65 million)

Landscaping (MW03) Grade L3 ($4 million)

Interior Decoration and Finishing Works (CR06) Grade L5 ($13 million)

Waterproofing installation (CR13) Grade L3 ($5 million)

General Builder Class 1

(1) For general building construction and provision of suspended scaffolding works.

(2) For general building construction.

FINANCIAL ACHIEVEMENTS

ANOTHER YEAR OF
DISTINCTION

Record revenue of
$94.1 million

Record dividend payout of
23.1%

Record net attributable profit of
$9.2 million

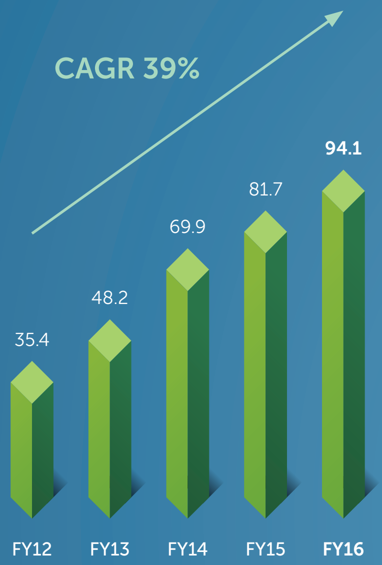
Quantum growth in C&P and Others sales of
231% and **185%** respectively

Record order book of
$94.1 million

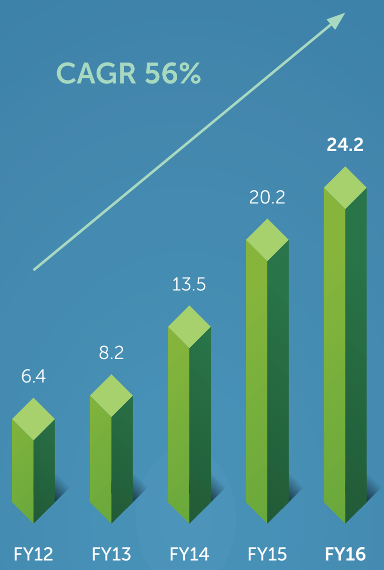
FINANCIAL HIGHLIGHTS

(FINANCIAL YEAR ENDED 30 JUNE)

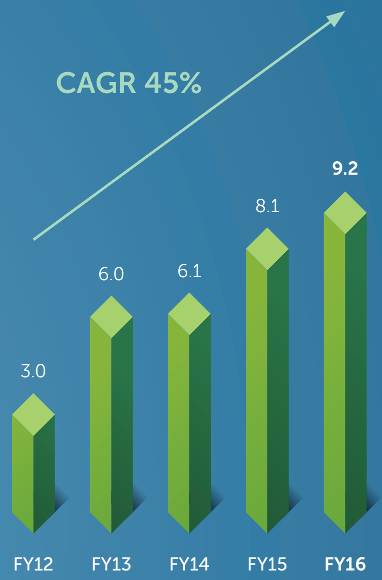
REVENUE ($M)



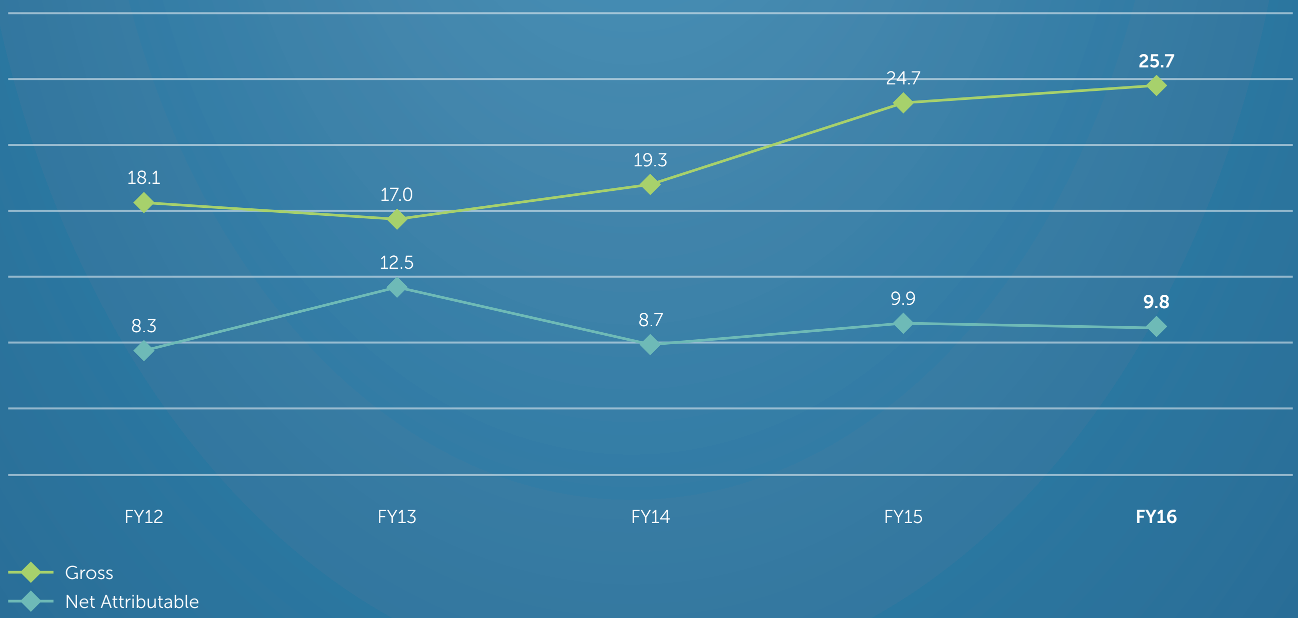
GROSS PROFIT ($M)



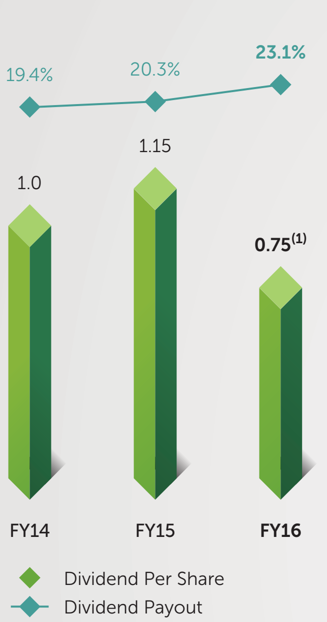
NET ATTRIBUTABLE PROFIT ($M)



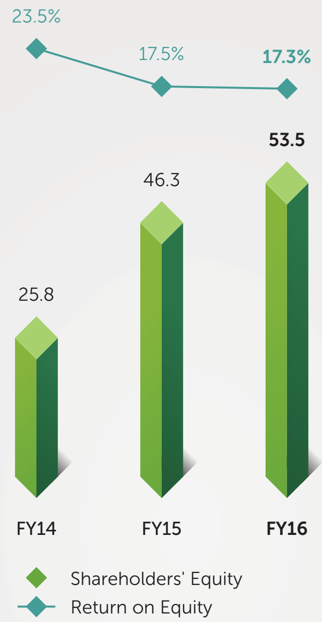
PROFIT MARGINS (%)



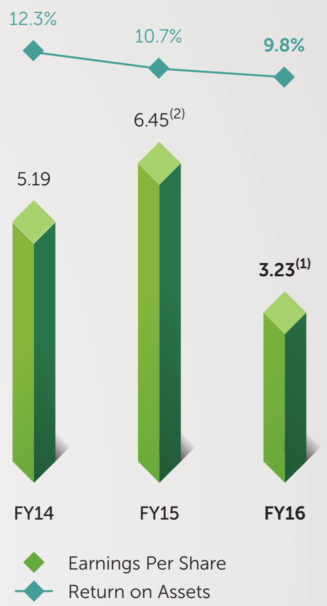
DIVIDEND PER SHARE (¢) & DIVIDEND PAYOUT (%)



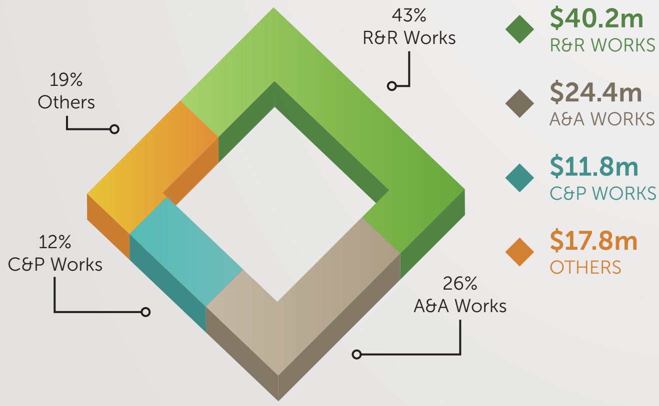
SHAREHOLDERS' EQUITY ($M) & RETURN ON EQUITY (%)



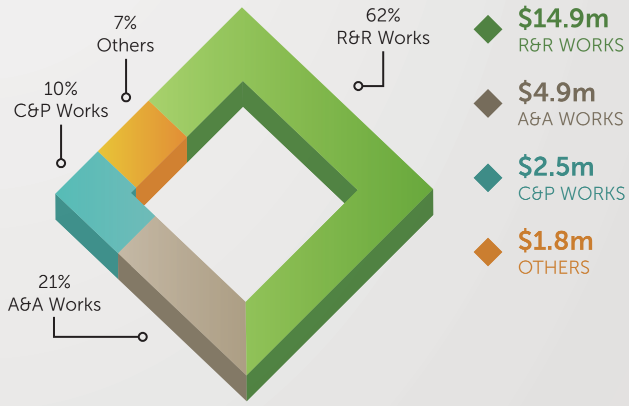
EARNINGS PER SHARE[1] (¢) & RETURN ON ASSETS[1] (%)



FY2016 REVENUE BY SEGMENT (%)



FY2016 GROSS PROFIT BY SEGMENT (%)



(1) The Group completed a 1-for-1 bonus share issue in February 2016.
(2) Earnings per share has been adjusted retrospectively following the bonus share issue.

JOINT CHAIRMAN AND CEO MESSAGE

" During the year, we saw the **continued growth of the Group's core businesses** and we were particularly pleased to see returns from the four subsidiaries we had acquired in January 2015... "

DEAR SHAREHOLDERS

The financial year ended 30 June 2016 (**"FY2016"**) was our best year since the Group's inception. Despite the general slowdown in Singapore's economy and a charge of $1.5 million incurred due to amortisation of intangible assets arising from the acquisition of subsidiaries, the Group had once again beat its previous year's record for the third year running, achieving a 13.6% year-on-year (**"yoy"**) increase in net attributable profit to $9.2 million on the back of a 15.3% increase in revenue to $94.1 million.

During the year, we saw the continued growth of the Group's core businesses and we were particularly pleased to see returns from the four subsidiaries we had acquired in January 2015 which gave the Group capabilities in landscaping; fireproofing and floor coating; providing R&R services to the private-commercial Management Corporation Strata Title (**"MCST"**) sector; and supplying work access equipment and services. Their contributions had caused a spike in the performance of our C&P and Others[1] segments.

Although our R&R segment slid 26.1% yoy in revenue, partially because some of our A&A projects in FY2016 also included R&R work scope, all our other segments saw a yoy surge in revenue with A&A, C&P and Others achieving 40.1%, 231.0% and 185.0% growth respectively.

New Milestones

There were several notable developments during the year. In January 2016, the Group made its fifth acquisition in 12 months when it bought TMG Projects Pte. Ltd. The subsidiary has since been renamed ISOTeam TMG Pte. Ltd. (**"TMG"**) in July 2016. It is principally engaged in the business of general engineering works and contractors, providing architectural and interior construction solutions mainly to the high value commercial sector such as shopping malls, real estate investment trusts, factories, schools, hospitals, offices, high-end hotels and residences. This acquisition will complement our own interior decoration competencies, which are currently carried out by our subsidiary Zara@ISOTeam for the private home sector.

(1) Includes Commercial Interior Designs (**"ID"**), home retrofitting, landscaping works, leasing services, waterproofing and green solutions.

JOINT CHAIRMAN AND CEO MESSAGE

(CONT'D)

In February 2016, we completed a 1-for-1 bonus issue of shares with the objective of augmenting ISOTeam's issued share capital base, better reflecting the growth and expansion of our business as well as improving trading liquidity of our shares. It also served to increase accessibility to the Group thereby allowing for greater participation by investors and to broaden our shareholder base.

Also in February 2016, we were awarded our first renewable energy installation project by Sunseap Pte Ltd, which saw us installing solar panels at 33 blocks in Tampines. This was followed in August 2016 by our second project to install hydrogen fuel cells operating power systems as back-up generators for lifts at HDB blocks in Punggol for HOPE Technik.

To wrap it all up, we want to share the fruits of yet another good year with our shareholders, so the Board has proposed a final tax-exempt, one-tier dividend of 0.75 Singapore cents per ordinary share for FY2016 representing a dividend payout ratio of 23.1% of net attributable profit. Note that is post-completion of our 1-for-1 bonus share issue and dividend per share would have been 1.5 cents apiece if the bonus issue was not taken into account.

Moving forward, the Group will recommend and distribute at least 20% of the Company's consolidated profit after tax and minority interests as dividend[(2)].

Spreading our Wings

ISOTeam's vision is to become "Singapore's No. 1 and Preferred Partner for Total Maintenance Solutions". While that remains our goal today for the local market, the Group is beginning to outgrow this vision and it may be time for us to seriously consider expanding it to reflect our new overseas ambitions.

In April 2016, we announced our first foray abroad through a joint venture agreement with our longstanding business partner and substantial shareholder, Nippon Paint (Singapore) Company Private Limited (**"NPS"**), to set up ISOTeam TMS (Myanmar) Limited (**"TMS Myanmar"**). Through TMS Myanmar, the Group became NPS's preferred contractor for painting services in Myanmar, while NPS supplied the paint for the projects we undertake.

Just four months later, TMS Myanmar gained a small foot hold in the market when it secured its first painting project for the Yangon City Development Committee Staff Housing. Although the value of the contract is only approximately $0.11 million, we see it as a small but positive victory for the business.

This venture has also given us more confidence to look beyond Singapore to capitalise on the infrastructure boom around the region. In September 2016, we entered into a shareholders agreement with BT Industrial Coating (M) Sdn. Bhd. (**"BT Industrial"**), which is engaged in the business of providing water proofing and floor coating services in Malaysia, to incorporate a joint venture for the purpose of providing interior design services to reputable developers in Malaysia.

Elsewhere in the region, we remain on the lookout for opportunities to enter new markets such as Indonesia to provide painting services.

Meanwhile, our digital portal, ISOHomeCare, which offers handyman services, recently launched a mobile application that now makes it more convenient than ever for homeowners to book appointments using their smart devices.

Future Plans

Locally, we plan to leverage our expanded skillsets to raise our share of the maintenance solutions market.

We will remain focused on our core R&R and A&A business by riding on government initiatives and regulatory requirements by increasing our market share in these segments.

Since the end of 2015, we have participated in four tenders with respect to HDB's Home Improvement Programme (**"HIP"**). Although we have yet to successfully win a tender, we believe that our persistence will soon pay off. Considering that contractors have to be invited to tender for such projects, which are normally worth $20 million to $40 million, it is a positive sign to have been asked to participate repeatedly.

We also plan to undertake more Hawker Centres Upgrading projects. We are currently upgrading one hawker centre in Jurong East and one in Ang Mo Kio and we are the lowest tenderer for another two more projects in Tiong Bahru and Taman Jurong.

(2) Excluding non-recurring, one-off and exceptional items, in respect of any financial year to its shareholders, subject to compliance with the provisions of the Companies Act, the Company's Constitution and subject to factors such as earnings, cash flow and capital needs.

" We will remain focused on our core R&R and A&A business by riding on government initiatives and regulatory requirements by increasing our market share in these segments. "

" Lastly, we are on the lookout for other potential acquisition targets to further widen our capabilities to include providing mechanical and electrical, as well as conservancy cleaning services. "

We will continue to capitalise on the Government's plans to have 80% of buildings to be Green Mark certified by 2030. We have been working with suppliers and manufacturers to broaden our range of green products under our own brand including the recent launch of RevFlor, an anti-slip floor coating, which we have tested at the Taman Jurong market and which we hope will become a requirement for all markets in the future. We are now in the process of developing our own fireproof coating, which is currently in the testing phase.

In the area of renewable energy installation, we are currently in discussions with strategic partners for a second contract to install solar energy panels at more HDB blocks as well as a second hydrogen fuel cells installation project. Given the recent spike in lift-related accidents, we understand that the government has plans to address safety issues by installing these fuel cells in all HDB blocks in Singapore and this will present many opportunities for us.

Having identified C&P as a high growth segment, we plan to set up a Special Coating Division to offer high value services with better margins such as high performance floor coating, fireproof coating, waterproof coating and architecture coating.

For all our other segments including renovation and commercial fitting out, landscaping and fleet rental, we have beefed up manpower and renewed our equipment so as to cater to our expanding business in these segments.

Lastly, we are on the lookout for other potential acquisition targets to further widen our capabilities to include providing mechanical and electrical, as well as conservancy cleaning services. There is a shortage of mechanical and electrical tradesman in the market especially because majority of projects require such expertise. As for conservancy cleaning, this is an everlasting business because no matter the economic conditions, estates still have to be cleaned.

Appreciation

In closing, we would like to thank the many groups of people who have made it possible for us to come this far.

First and foremost is our dedicated workforce. They have truly taken on the mantle of ensuring that ISOTeam continue to deliver completed projects that are over and beyond the expectations of our customers. This has in turn led to our leading position in the market.

We also want to thank our business partners and customers who have supported and participated in our growth. Over the years, they have repeatedly affirmed us by placing their trust in our ability to do an outstanding job for them.

Lastly, we want to thank our shareholders. Your investment in ISOTeam is testament to the confidence you have in us. We will strive not to disappoint but to steadily build a sustainable future for the Group so as to unlock value for our shareholders.

DAVID NG CHENG LIAN
CHAIRMAN

ANTHONY KOH THONG HUAT
CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS

DAVID NG CHENG LIAN

Executive Chairman and Founder

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 27 Oct 2014

With over 35 years of experience in the building maintenance and estate upgrading industry, Mr Ng heads the Board, aids the CEO in the corporate and strategic development of the Group and also supports and advises senior management. One of his areas of expertise lies in occupational safety and health. Before he co-founded the Group in 1998, he was a director of ISO-Build Corporation Pte Ltd and a manager at D&C Builders Pte Ltd where he was in charge of work place safety and equipment management. Prior to that, Mr Ng managed the suspended scaffold rental business as a project executive of Safewell Equipment Pte Ltd. He was also a suspended scaffold technician with Selat Chemicals Pte Ltd where he was responsible for the repair and maintenance of site equipment. Mr Ng was awarded a Certificate in Construction Supervision by the Construction Industry Development Board of Singapore in 1994.

ANTHONY KOH THONG HUAT

CEO, Executive Director and Founder

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 27 Oct 2015

One of the co-founders of the Group, Mr Koh has close to 30 years of experience in the building maintenance and estate upgrading industry. An instrumental figure, he sets and implements the expansion plans and overall corporate and strategic development of the Group, as well as oversees key functions such as marketing and tendering strategies, budget and cost controls, and resource planning and allocation. Before he co-founded the Group in 1998, Mr Koh was a director of ISO-Build Corporation Pte Ltd where he managed its projects and contracts and controlled budget and costs. He worked at D&C Builders Pte Ltd from 1989 to 1994 where he moved up the ranks from a site supervisor, to project coordinator and subsequently to project manager. Prior to that, he was the site supervisor for Hongplast General Contractor Pte Ltd for a year. Mr Koh obtained a Diploma in Building from the Singapore Polytechnic in 1988 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1994.

DANNY FOO JOON LYE

Director (Operations), Head of Compliance and Founder

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 28 Oct 2013

Mr Foo, who is a co-founder of the Group, is responsible for matters concerning compliance with workplace and on-site safety rules and regulations for projects undertaken by the Group. With over 20 years of experience in the building maintenance and estate upgrading industry, Mr Foo manages manpower planning and procurement of machinery and equipment for the Group. He also administers quality assurance functions and ensures compliance with ISO 9001:2008, ISO 14001:2004 and OHSAS18001:2007 standards. In addition, he heads our green products subsidiary, ITG-Green Technologies. Prior to founding the Group, Mr Foo was a director of ISO-Build Corporation Pte Ltd managing project site work. From 1990 to 1994, he managed site work and coordinated suppliers and subcontractors for D&C Builders Pte Ltd where he started out as a site supervisor, was promoted to project coordinator and subsequently to project manager. Mr Foo holds a Diploma in Building awarded by Singapore Polytechnic in 1988.

TAN ENG ANN

Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 27 Oct 2014

Appointed to the Board on 7 June 2013, Mr Tan is the Lead Independent Director and Chairman of the Audit Committee of the Group. He was formerly the executive director and the chief financial officer of SGX-ST Mainboard listed R H Energy Ltd. (now known as Chiwayland International Limited) which he joined in 2006. He has over 20 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, Mr Tan joined Technics Oil & Gas Limited as the group financial controller and was subsequently promoted to finance director in 2004 responsible for finance and corporate development. From 2005 to 2006, he was the chief financial officer of Beijing Concept Holdings Pte Ltd where he headed the finance department. Mr Tan 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. Mr Tan is currently also a director at SGX-ST Catalist listed Hiap Tong Corporation Ltd and GCCP Resources Limited and a director of HKSE-GEM listed Singasia Holdings Limited.

SOH CHUN BIN

Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 27 Oct 2015

Appointed to the Board on 7 June 2013, Mr Soh is an Independent Director and Chairman of the Remuneration Committee of the Group. He is currently the Managing Director of Victoria Medical Beauty Group Pte Ltd, an aesthetics services provider based in Hong Kong. Prior to his current position, he held the chief executive positions of a few companies listed on the SGX from July 2012. Mr Soh had been a qualified lawyer specialising in capital markets and mergers and acquisitions for more than 12 years. Prior to joining the corporate world, 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. Mr Soh has been recognised as a leading lawyer by legal publications such as Chambers and Partners and AsiaLaw. He was a former scholar with a global multinational corporation, and has a Bachelor of Laws (Honours) from the National University of Singapore. Mr Soh currently holds directorships at two SGX-ST Mainboard listed companies, Geo Energy Resources Limited and Triyards Holdings Limited.

NG KHENG CHOO

Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 28 Oct 2013

Ms Ng, with more than 17 years of experience in investment, finance and accounting fields, was appointed to the Board on 7 June 2013 and is Chairman of the Nominating Committee of the Group. Ms Ng established VIT Consultancy Private Limited that provides advisory services on mergers and acquisitions, investments and accounting matters. She was the chief financial officer of SingHaiyi Group Ltd ("**SHG**") since July 2013 and became the group chief operating officer of SHG overseeing the overall business operations and strategic development for the period from July 2014 to September 2016. Previously, Ms Ng was the general manager of investment (Singapore) for Sichuan Chuan Wei Group Co., Ltd ("**Chuan Wei**") a company with related businesses in real estate development, mining of mineral resources, cement, manufacturing of vanadium and steel products and logistics. She was also in charge of investor relations for Hong Kong listed China Vanadium Titano-Magnetite Mining Company Limited, a related corporation of Chuan Wei from 2012 to March 2013. Prior to this, Ms Ng was the chief financial officer of SGX-ST Mainboard listed Sapphire Corporation Limited since 2007 and a financial controller with Unigold International Pte Ltd from 2004 to 2006. She started her career with Deloitte & Touche and held the position of audit manager when she left in 2003. Ms Ng holds a Bachelor of Accountancy from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants. Ms Ng is currently also the Non-Executive Director of SGX-ST Mainboard listed OKH Global Ltd.

EXECUTIVE OFFICERS

From Left:
Lim Kim Hock
Teng Ann Boon
Lwin Lwin Aung
Or Thiam Huat
Chan Chung Khang

OR THIAM HUAT
Projects Director

Mr Or has been the Group's Projects Director since 1999 and is responsible for the planning and execution of projects undertaken by the Group. He also oversees project cost control and training of site personnel. Mr Or has more than 21 years of experience in the building maintenance and estate upgrading industry and had spearheaded some of the Group's biggest projects such as the NRP project at Yishun Avenues 6 and 11 and Yishun Ring Road in Nee Soon East Division. Prior to joining the Group, he was the project coordinator of ISO Build Corporation Pte Ltd from 1995 to 1997; a site coordinator at D&C Builders Pte Ltd between 1993 and 1995 responsible for managing projects, suppliers and subcontractors; and a site supervisor with Ng Hai Liong Construction Pte Ltd from 1992 to 1993 supervising workers and coordinating subcontractors. Mr Or holds a Diploma in Civil Engineering awarded by Singapore Polytechnic in 1990.

LIM KIM HOCK
Contracts Director

Mr Lim has been the Group's Contracts Director since 2005 and is responsible for contract administration, project tenders and procurement. He also oversees the Group's staff training and development. Prior to joining the 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. Mr Lim obtained a Technician Diploma in Building from Singapore Polytechnic in 1981.

CHAN CHUNG KHANG
General Manager

Mr Chan, who joined the Group in 2002 as a project supervisor, has been the Group's General Manager since 2012 and is in charge of its human resource matters. He is also tasked with the management and coordination of the Group's operations including business expansion and diversification, planning and policies updates; the management and supervision of its corporate business development plans; the administration of key performance indicators for the Company and its departments whilst monitoring and managing the Company's overheads. He is also in charge of corporate and investor relations, as well as responsible for the application and management of the Group's government grants. He graduated from Singapore Polytechnic in 1999 with a Diploma in Building and Property Management and from Royal Melbourne Institute of Technology in 2008 with a Bachelor of Business (Economics and Finance) with Distinction.

TENG ANN BOON
Chief Strategy Officer

Mr Teng was appointed as the Group's Chief Strategy Officer on 16 August 2016. He is responsible for strategic planning, business and corporate development as well as evaluating and executing the Group's investments and acquisitions plans. Prior to his promotion, he was the General Manager of ISOTeam TMG Pte Ltd, a subsidiary of the Group, from March to 15 August 2016. Before joining ISOTeam, Mr Teng worked as an estate officer with the HDB from 1989 to 1990 and as a Town Council General Manager for more than 20 years where he was responsible for the implementation of many maintenance and upgrading projects. He was a member of Singapore Landscape Industry Council, the Sectoral Tripartite Committee for Manpower Plan for Landscaping and Conservancy in 2013 and the Association of Property and Facility Managers since 1998. He graduated from National University of Singapore in 1986 with a Bachelor Degree of Civil Engineering with Honours. Mr Teng also holds a Master Degree in Business Administration from Nanyang Technological University.

LWIN LWIN AUNG
Chief Financial Officer (CFO)

Ms Lwin joined ISOTeam as finance manager in November 2012 and has been CFO since November 2015. With her experience in the accounting and financial fields, Ms Lwin is overall in charge of the Group's financial affairs including compliance with SGX rules and financial reporting standards, financial planning and reporting, internal control and risk management, fund management, investor relations and merger & acquisition process. Prior to ISOTeam, she was with Hong Hua Group Pte Ltd from 2011 to 2012 and with Yongnam Holdings Limited from 2007 to 2011. Previously, she founded an accountancy school that provides financial and accounting courses administered by the Association of Chartered Certified Accountants (ACCA) (UK) in Myanmar. Ms Lwin holds a professional degree from ACCA (UK) and she is also a member of the Institute of Singapore Chartered Accountants.

From Left:
Gerald Peck Hoe Tat
Anders Teoh
Sam Chen
Chua Hoi Tek
Lim Qin Kai
Tan Boon Hock
Dennis Chin Wai Tuck
Jason Lim

CHUA HOI TEK
Managing Director (ISO-Landscape)

Mr Chua heads the Group's high value landscaping subsidiary, ISO-Landscape, a company formerly known as Rong Shun Landscape & Construction Pte. Ltd., which he founded almost 10 years ago. He first entered the landscaping and horticulture services industry in 2007 in order to harness the government's drive to boost Singapore's garden city image. Prior to setting up his company, Mr Chua spent 22 years at a multi-national corporation, 17 years of which were in senior managerial roles. Mr Chua graduated with a Bachelor of Engineering (Mechanical and Production Engineering) from Nanyang Technology Institute (now known as the Nanyang Technological University) in 1986.

ANDERS TEOH
Managing Director (ISOTeam C&P)

Mr Teoh joined the Group's specialised coating and painting subsidiary, ISOTeam C&P, in 2002 and currently heads this unit. With close to 20 years of experience in the R&R industry, he has spearheaded numerous projects at ISOTeam C&P over the course of his career. These included R&R work for HDB blocks for the various Town Councils; public buildings such as churches, schools, community centres and libraries; MCST of commercial buildings, condominiums, industrial properties; as well as hotels and private residential properties. Mr Teoh holds a Bachelor of Building (Honours) from the University of South Australia and a Diploma in Building Management (with Merit) from Ngee Ann Polytechnic.

SAM CHEN
Operations Director (ISOTeam Access)

Mr Chen joined the Group's access provision subsidiary, ISOTeam Access, in 2007 and worked his way up the ranks to his current position. Backed by 25 years of experience in the building maintenance and estate upgrading industry, he manages the Group's height access equipment and machinery provision business for numerous R&R projects in various market segments. They include projects for HDB housing blocks and private landed residential homes to institutional, industrial and commercial buildings. In addition, Mr Chen is also a certified Safety Supervisor and a Work-At-Height Assessor and taps on this expertise to ensure a safe working environment within the Group.

DENNIS CHIN WAI TUCK
Projects Director (Zara@ISOTeam)

Mr Chin joined the Group as the Projects Director of its interior design and fitting-out unit, Zara@ISOTeam in 2013. Backed by approximately 20 years of experience in interior design, he provides design consultancy and is also responsible for end-to-end project management of interior design and fitting-out jobs undertaken by Zara@ISOTeam. He has been an instrumental figure for many major multi-sector projects including the landmark Aloha at Loyang renovation contract. Mr Chin has a professional training certificate in Interior Design from Palin School of Arts & Design and holds a National Trade Certificate (Grade 2) from the Ang Mo Kio ITE which was conferred in 1993.

LIM QIN KAI
Projects Director (ISO-Seal Waterproofing)

Mr Lim joined the Group's reroofing and waterproofing arm, ISO-Seal, in 2010 as a project supervisor. Rising through the ranks, he has spearheaded ISO-Seal since 2014, and is responsible for the end-to-end management of its projects undertaken by ISO-Seal. Mr Lim has participated in various industry-related leadership and managerial courses as well as attained professional certifications for Waterproofing Supervision; ISO 9000 Internal Quality Audit for Quality, Occupational Health and Safety (2010); and Internal Auditor Training ISO 14001:2004 (2012).

BUSINESS DIVISION HEADS

(CONT'D)

TAN BOON HOCK
Director
(ITG-Green Technologies)

Mr Tan joined ISOTeam's Green products arm, ITG-Green Technologies in December 2014, bringing with him more than 25 years of sales and marketing experience in building architectural finishes for new and existing structures. He oversees business development and expansion for the Group's range of Green products, and its ongoing collaboration with partners to develop and commercialise more eco-friendly and sustainable products. In addition, Mr Tan serves as the Green Ambassador for ISOTeam's Green Movement and Initiative Committee to promote ecological awareness among its staff and customers and to enhance the Group's eco-friendly initiatives. He holds a Diploma in Sales and Marketing from 1988 (IMUK).

JASON LIM
Director
(ISOTeam TMG)

Mr Jason Lim joined the Group's A&A, architectural and interior fitting-out for hospitality, industrial, commercial and retail specialist unit, ISOTeam TMG, in December 2015. With more than 30 years of experience in the interior construction industry, he played an instrumental role in growing the business during its early days into that of an award-winning architectural and interior construction company today. He oversees the key aspects of the unit's operations including tenders, management and review of project costs and budget, key materials procurement and the award of contracts to subcontractors. In addition, he also assists in the implementation of workflow and work processes in accordance to the latest market trends, and is responsible for the unit's business development as well. He holds a certificate in Construction Regulations and Management for Licensed Builders.

GERALD PECK HOE TAT
Operations Manager
(ISOHomeCare)

Mr Gerald Peck joined the Group's R&R business in 2011 and currently manages ISOHomeCare, the Group's digital handyman services. With more than six years of experience in project coordination and supervision within the industry, he manages the day-to-day operations at ISOHomeCare including providing expert consultation and ensuring the seamless delivery of its services such as home painting, plumbing, electrical wiring and installation and other general repair works for HDB flats, condominium, landed properties and offices. In addition, he is tasked with building new partnerships, expanding its web and mobile footprint and managing human resource matters. Mr Peck graduated with a Bachelor of Science in Building and Project Management from SIM University in 2014.

OPERATING AND FINANCIAL REVIEW

(ANY DISCREPANCIES IN FIGURES ARE DUE TO ROUNDING.)

KEY HIGHLIGHTS

Corporate

- Completed a 1-for-1 bonus share issue in February 2016 which doubled our share capital base to around 284.7 million shares.
- Paid 0.75 cents per share in dividends for FY2016, reflecting a higher year-on-year payout of 23.1%. Dividend per share would have been 1.5 cents apiece if the 1-for-1 bonus share issue was not taken into account.
- Received industry accolades including the Distinguished Award won by our CEO at the One Asia Awards 2015.

Operational

- Further lateral expansion to broaden our capabilities such as offering handyman / home maintenance services via ISOHomeCare.com, and extending specialist A&A and interior design offerings for the commercial property segment through the acquisition of ISOTeam TMG.
- Entered the growing renewable energy market in Singapore through our first project to install solar power panels for HDB blocks.
- Expanded overseas to Myanmar through a joint venture partnership with Nippon Paint (Singapore) in April 2016 and won our first painting job there shortly after.

Financial

- Posted another outstanding set of results with revenue and net attributable profit rising 15.3% and 13.6% yoy to $94.1 million and $9.2 million respectively.
- Revenue from new segments C&P and Others rocketed 231.0% and 185.0% yoy to $11.8 million and $17.8 million respectively.
- Built order book to a record high of $94.1 million as at 3 August 2016 and pending the award confirmation of three other projects worth around $5.7 million.

OPERATING REVIEW

R&R

In FY2016, we completed 16 R&R projects comprising 211 blocks of HDB flats in Singapore, compared to 23 projects and 445 blocks in FY2015. See Table 1.

ISOTeam also moved into HDB term contracts for the first time in FY2016 by winning two maintenance contracts for building tradesmen and repair works in the East and West Zones that are worth around $9.6 million and run up till March 2018. We also secured a project for improvement works to multi-storey car parks (**"MSCP"**) valued at around $3.9 million as well as our first institutional R&R contract for the National University of Singapore's Bukit Timah campus.

As at 30 June 2016, we are repainting and redecorating 114 blocks and other buildings for 12 R&R projects which are expected to complete between now and August 2018. Notably, ISOTeam secured three of these contracts even though we were not the lowest tenderer, attesting to the strength of our brand in the R&R space. See Table 2.

A&A

We completed a total of 11 A&A projects including a warehouse cum office, showrooms and hospitals in FY2016 compared to 54 blocks for two projects in FY2015. Among these are eight key projects completed by ISOTeam TMG that included the showrooms for Bentley and Aston Martin, and Palio at RWS. We acquired this unit in December 2015 to spearhead the Group's specialist A&A, architectural and commercial interior design offerings. See Table 3.

OPERATING AND FINANCIAL REVIEW

(CONT'D)

As at 30 June 2016, our A&A orders remain healthy with eight projects on our book which are expected to complete between now and June 2018. Among these are two Hawker Centres Upgrading Programme (**"HUP"**) projects at Jurong East Ave 1 and Ang Mo Kio Ave 10. In addition, the Group is also the lowest tenderer for two HUP projects at Tiong Bahru and Taman Jurong. See Table 4.

Moreover, we have been invited to take part in four tenders for HDB's Home Improvement Programme (**"HIP"**) since end 2015 and plan to ramp up our participation in this area in the coming year.

R&R project at Punggol.

C&P

Under our C&P segment, we provide specialist coatings such as eco-friendly coating, architectural and protective coating, fireproofing coating, industrial coating as well as new-build painting for the private sector.

C&P was our fastest-growing business segment last year and we completed 13 C&P projects over the course of FY2016 including coatings work for Yishun Community Hospital and Mapletree Business City 2. See Table 5.

We have around 33 projects in hand as at 30 June 2016 with completion deadlines ranging from now until February 2018. These contracts from industrial, commercial to residential sectors include coating jobs for prominent buildings and landmarks such as Tanjong Pagar Centre, National Art Gallery and Tampines Town Hub among others. See Table 6.

We will continue to work closely with our paint manufacturer partners to grow our commercial painting and repainting jobs. At the same time, we are also setting up a special coating division to focus on high performance coatings relating to floor, fireproofing and waterproofing which we believe will yield better margins for the Group given the higher value work involved.

Others

The Others segment, which was our second fastest-growing segment after C&P last year, comprise all the other services that the Group offers such as commercial interior designs, home retrofitting; landscaping; leasing of access provision equipment; waterproofing and eco-friendly solutions.

Signaling the traction the Group has gained for these services, 12 major projects were completed in FY2016 compared to just two in FY2015 and we have an additional 11 key projects currently ongoing. See Tables 7 and 8.

Commercial/Home interior design and retrofitting (collectively "ID")

We offer these services to residential, commercial and industrial properties and in FY2016, the Group successfully expanded both our team and foothold in this area. We completed nine key ID projects for a wide array of businesses from hotels and offices to retail shops and restaurants in FY2016 compared to two in FY2015. Currently, the Group is carrying out our largest ever ID contract, Aloha Changi Chalet, which is worth around $11.9 million. We are also in the process of extending our ID services to Malaysia and have plans to establish a joint venture company to provide interior fitting-out services to reputable developers in the country.

Landscaping ("LS")

Demand for our landscaping services has been going strong since we acquired this business in October 2014. We completed a substantial portion of the Punggol Waterway Floating Wetlands and Teban Garden projects in the public sector.

We are especially proud of our work for the 4.2 km Punggol Waterway, the longest man-made waterway in Singapore. Boasting over 6,000 sq m of 35 plant species on the banks of the waterway, Punggol Waterway is an award-winning project for HDB. Given HDB's plans to extend its green innovations to other new estates, such as in Bidadari and Tampines North, we believe the high-value work we have done for the waterway puts us in an advantageous position. We currently have four ongoing landscaping projects which we expect to complete by July 2020.

Leasing of access provision equipment ("AP")

This unit achieved two key milestones in FY2016 comprising the full implementation of its fleet management system and its fleet renewal. We renewed and added 52 scissor lifts and 24 boom lifts in FY2016, bringing our total fleet strength to 177 and lowering the average age of our fleet from 14 years to nine years. Able to reach greater heights, our modernised fleet will allow us to derive better rental income from our equipment and enhance our capacity to serve the needs of our customers, reducing the need for third party equipment. They will also cut down fleet maintenance costs for the Group.

Waterproofing ("WP")

We completed three projects comprising 23 blocks for the Pasir Ris-Punggol and East Coast Town Councils as well as a residential dwelling in Seraya Avenue in FY2016. As at 30 June 2016, we have two other waterproofing projects on hand.

Eco-friendly solutions ("ES")

We consolidated our foothold in the renewable energy space in Singapore in FY2016 by winning our first job to install solar panels (Grid-Tied Solar Photovoltaic Systems) in 33 HDB blocks in Tampines that was worth around $1.8 million in February 2016. This was followed by another project to install fuel cells (Emergency Fuel Cell Operating Power Systems) for some blocks in Punggol in August 2016. We also continued to innovate and broaden our range of eco-friendly products and technologies during the year and launched RevoFlor, an in-house brand of Methyl Methacrylate (**"MMA"**) system and anti-slip floor treatment, which we have successfully tested at a number of National Environment Agency (**"NEA"**) and Town Council projects. In addition, we are undergoing development and testing for fireproofing intumescent paint and exploring new products such as fireproof electrical cables and trays. Given the pace of the Green trend in Singapore and the strong government encouragement, the renewable energy segment is an exciting growth area for the Group.

ISOHomecare.com

Our one-stop digital handyman portal accounted for a minor portion of Others segment's revenue. To better address the home maintenance needs of property owners in Singapore, we expanded our range of services to include waterproofing and carpentry services in FY2016 and launched our mobile app. In the coming months, we also plan to intensify our advertising initiatives for ISOHomecare.com.

Order Book

The Group has a record order book totaling $94.1 million as at 3 August 2016 which it expects to progressively deliver over FY2017 and FY2018. Approximately $44.0 million was won in the first half of FY2016 and $50.1 million in the second half, reflecting the strong pace of order book build-up the Group continues to enjoy year round.

In addition, the Group also has around $5.7 million in contracts pending award confirmation. They include three projects comprising R&R jobs from the NEA and the Ministry of Health and a re-roofing project at Selegie Road.

Solar panel installation project on 33 HDB blocks in Tampines.

OPERATING AND FINANCIAL REVIEW

(CONT'D)

TABLE 1

R&R PROJECTS COMPLETED IN FY2016			
No.	**Project**	**Blks (No.)**	**Customer**
1	Bishan Street 22	19	SKK (S) Pte Ltd
2	Marsiling Drive / Lane	13	SKK (S) Pte Ltd
3	Tampines Street 41/43/Avenue 7 & 9	22	Tampines Town Council
4	Commonwealth Avenue West, Clementi Ave 3	16	West Coast Town Council
5	Woodlands Street 81/82/83	23	Sembawang Town Council
6	Redhill Close / Road, Redhill Lane, Henderson Road and Bukit Merah Central	17	Tanjong Pagar Town Council
7	Punggol Field / Edgefield Plains	19	Pasir Ris - Punggol Town Council
8	Punggol Field Walk / Edgedale Plains	18	Pasir Ris - Punggol Town Council
9	Lorong 5/6 Toa Payoh / Toa Payoh East	16	Bishan-Toa Payoh Town Council
10	Punggol Central / Place	22	SKK (S) Pte Ltd
11	Jurong West Street 24/26	24	SKK (S) Pte Ltd
12	New Market Road and Upper Cross Street	2	Tanjong Pagar Town Council
13	Peace Centre & Peace Mansion	NA	The MSCT Plan no. 686
14	12 Sengkang East & West LRT station	NA	SBS Transit
15	Botanic Gardens Mansion at Taman Serasi	NA	SKK (S) Pte Ltd
16	Singapore Polytechnic	NA	Singapore Polytechnic
Total		**211**	

TABLE 2

ONGOING R&R PROJECTS			
No.	**Project**	**Blks (No.)**	**Customer**
1	Building tradesmen and repair works at West Zone	–	HDB
2	Building tradesmen and repair works at East Zone	–	HDB
3	Improvement work to multi-storey carpark	–	HDB
4	The Salvation Army at Upper Bukit Timah Road	–	M/S The Salvation Army
5	Punggol Central / Edgedale Plains	21	Pasir Ris-Punggol Town Council
6	Edgefield Walk/ Punggol Drive/ Punggol Central	28	Pasir Ris-Punggol Town Council
7	National University of Singapore (NUS) – Bukit Timah Campus	–	NUS
8	Newton food centre and Golden Mile food centre	–	National Environment Agency
9	Montreal Drive in Sembawang Division	7	SKK (S) Pte Ltd
10	Whampoa Division	28	SKK (S) Pte Ltd
11	Bukit Merah Lane 1, Stirling Road and Queen's Close	30	SKK (S) Pte Ltd
12	Repainting, Improvement to market / food centre @ Blk 347 Jurong East	–	Seah & Lim Construction
Total		**114**	

TABLE 3

A&A PROJECTS COMPLETED IN FY2016		
No.	Project	Customer
1	MBS Integrated Resort	Long Chim (S) Pte Ltd
2	Warehouse cum ancillary office at 9 Playfair Road	FP Holdings Pte Ltd
3	Jaguar car showroom at Leng Kee Road	Wearnes Automotive & Equipment P/L
4	Ren Ci Hospital	Ren Ci Hospital
5	Aston Martin car showroom at Leng Kee Road	Wearnes Automotive & Equipment P/L
6	St Luke Hospital	St Luke's Hospital
7	Choa Residential at East Coast Road	Golden Rock General Contractor Pte Ltd
8	Bentley car showroom at Leng Kee Road	Wearnes Automotive & Equipment P/L
9	Palio restaurant at Hotel Michael	Resorts World at Sentosa Pte Ltd
10	Marmalade Pantry at Ion Orchard	Marmalade Pte Ltd
11	Shophouse at Duxton Rd	C4 Investment Pte Ltd and The Co Spaces Pte Ltd

TABLE 4

ONGOING A&A PROJECTS			
No.	Project Location	Blks (No.)	Customer
1	Yishun Street 11	12	Nee Soon Town Council
2	Jurong East Ave 1 and Ang Mo Kio Ave 10	Market/ Food Centres	National Environment Agency
3	Jurong East Street 24	8	Jurong-Clementi Town Council
4	2-storey detached dwelling house at Bukit Timah Planning Area	–	Individual Home Owners
5	Northpoint Shopping Centre	–	W' Ray Construction Pte Ltd
6	Prudential Tower	–	The MCST Plan No. 2340
7	2 units at Cairnhill Rise	–	Far East Organization Centre Pte Ltd
8	Hard Rock Hotel at Resorts World Sentosa	–	Resorts World at Sentosa Pte Ltd
Total		20	

TABLE 5

C&P PROJECTS COMPLETED IN FY2016		
No.	Project	Customer
1	Data centre @ Jurong West Street 23	Kim Hup Chor Construction Pte Ltd
2	Baxter Factory	Sato Kogyo (S) Pte Ltd
3	Baxter Factory	Kenyon Pte Ltd
4	ICT at Marina Costal Drive	Sato Kogyo (S) Pte Ltd
5	Gardens By The Bay (Marina South)	Woh Hup Pte Ltd
6	Fort Siloso	Gammon Construction Pte Ltd
7	Tanglin Church	Gammon Construction Pte Ltd
8	Yishun Community Hospital	Kimly - Shimizu Corporation
9	Mapletree Business City 2 at 60 Alexandra Terrace / Pasir Panjang Road	Shimizu Corporation
10	Global distribution centre at Pioneer	Soil Build
11	5-storey boys hostel at Sengkang East Road	HP Construction & Engineering Pte Ltd
12	4-storey warehouse at No 71 Tagore Lane 4	Magnificent Seven Corporation Pte Ltd
13	Seagate Technology International at Woodlands Loop	Lewe Engineering Pte Ltd

OPERATING AND FINANCIAL REVIEW

(CONT'D)

TABLE 6

ONGOING C&P PROJECTS		
No.	Project	Customer
1	National Centre for Infectious Diseases	SKK (S) Pte Ltd
2	Single use factory at Sunview Way	Sato Kogyo (S) Pte Ltd
3	5-storey commercial building at 100 Taman Warna	Incorporated Builders Pte Ltd
4	Motor vehicle service centre at Pandan Crescent	BSI (1990) Pte Ltd
5	Telin data centre at Sunview	Sato Kogyo (S) Pte Ltd
6	20/64 storey building at Peck Seah Street / Choon Guan Street	Samsung C&T Corporation
7	National Art Gallery	Takenaka Singapore Piling JV
8	Data centre at Jurong West Ave 2	Hock Heng Seng Contractor Pte Ltd
9	Warehouse at Jalan Buroh Lampost	San Keong Construction Pte Ltd
10	Jalan Buroh Lane	Soil-Build (Pte) Ltd
11	Factory at 3 Joo Koon Circle	Ping Tan Construction Pte Ltd
12	5-storey Junction West Ave 2 and Bulim Ave	Tong Bee Construction Pte Ltd
13	Single use factory at Sunview Way	Sato Kogyo (S) Pte LTd
14	5-storey data centre at sunview drive	Sato Kogyo (S) Pte Ltd
15	Telin data centre @ Sunview Drive	Sato Kogyo (S) Pte Ltd
16	Commercial development at Jalan Besar / Lavender Street	Soil-Build Pte Ltd
17	3-storey terrace at Gul Circle	LBD Engineering Pte Ltd
18	Warehouse and factory at 60 Jalan Lam Huat	Soil-Build (Pte) Ltd
19	6-storey health and medical care building at 830 Thomson	Soil-Build (Pte) Ltd
20	2-storey Exxon Mobil Aurora warehouse at Jurong Island	Shimizu Corporation
21	5-storey Jurong Christian Church	Guan Ho Construction Co Pte Ltd
22	Factory building at Tuas Bay Close	Welltech Construction Pte Ltd
23	Keppel Viaduct	Singapore Piling & Civil Engineering Pte Ltd
24	Tampines Town Hub	Jotun (Singapore) Pte Ltd
25	Changi General Hospital	SKK (S) Pte Ltd
26	20/64-storey Building at Peck Seah Street / Choon Guan Street (1)	Samsung C&T Corporation
27	Sin Ming Motor workshop	Welltech Construction Pte Ltd
28	Dormitory at 56 Pandan Road	Ping Tan Construction Pte Ltd
29	SMU at Canning Rise	SKK (S) Pte Ltd
30	Pines Hotel at Steven Road	Evan Lim & Co Pte Ltd
31	Sengkang General Hospital SOC Building	SKK (S) Pte Ltd
32	Lorong Chuan	Lendlease Singapore Pte Ltd
33	Yangon City Development Committee Staff Housing	Mya Thet Tin Construction Co, Ltd

C&P works for Yishun Community Hospital.

Mangrove landscaping project along Punggol Waterway.

TABLE 7

OTHERS PROJECTS COMPLETED IN FY2016				
No.	Project	Service Provided	Blks (No.)	Customer
1	Warehouse and factory at Kallang Bahru	ID	–	Qing Feng Construction Pte Ltd
2	Restaurant at Suntec City Tower 2	ID	–	District 10 Bar and Restaurant
3	Horizon Green at Ang Mo Kio Ave 2	ID	–	Private individual
4	Cogent Logistics Hub at Buroh Crescent	ID	–	SH Cogent Logistics P/L
5	Hillier residential-cum commercial development at Hillview Avenue	ID	–	China Construction South Pacific Development Co Pte Ltd
6	Oasia Downtown Hotel	ID	–	Woh Hup Private Limited
7	Premier Inn Hotel	ID	–	SEF Construction Pte Ltd
8	SBF Tower at Robinson Road/Cecil Street	ID	–	Woh Hup Private Limited
9	Aloha Changi Chalet at 329 Netheravon Road.	ID	–	Public Service Division
10	Compassvale Crescent / Street	WP	15	Pasir Ris-Punggol Town Council
11	Seraya Avenue	WP	–	Wing Tuck Engineering Pte Ltd
12	Bedok North Road / Street	WP	8	East Coast Town Council
Total			23	

TABLE 8

ONGOING OTHERS PROJECTS				
No.	Project	Service Provided	Blks (No.)	Customer
1	Aloha Changi Resort	ID	–	Public Service Division
2	Aloha Loyang	ID	–	Public Service Division
3	Crown Plaza at Changi Airport	LS	–	Green Forest Landscape Pte Ltd
4	Jurong West St.42 / Ave. 2	LS	–	Green Forest Landscape Pte Ltd
5	Podium at 6 Shenton Way	LS	–	Green Forest Landscape Pte Ltd
6	Changi East runways operations	LS	–	PBT Engineering Pte Ltd
7	Solar leasing of Grid-Tied Solar Photovol Taic system for HDB residential blocks (20MW)	ES	33	Sunseap Leasing Pte Ltd
8	EFCOPS Installations at designated HDB blocks	ES	–	HOPE Technik Pte Ltd
9	EFCOPS Installations at designated HDB blocks (Addition)	ES	–	HOPE Technik Pte Ltd
10	Data centre at Jurong West	WP	–	BHCC Construction Pte ltd
11	Serangoon North Ave 4	WP	39	Ang Mo Kio Town Council
Total			72	

ID: Commercial interior design and home retrofitting
WP: Waterproofing
LS: Landscaping
ES: Eco-friendly solutions

OPERATING AND FINANCIAL REVIEW

(CONT'D)

FINANCIAL REVIEW

On 29 February 2016, ISOTeam issued 142,933,295 ordinary shares following its one-for-one bonus issue, raising the aggregate number of issued shares excluding treasury shares 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.

Income Statement

	FY2016 ($'000)	FY2015 ($'000)	Change ($'000)	Change (%)
Revenue				
- R&R	**40,248**	54,467	(14,219)	(26.1)
- A&A	**24,390**	17,403	6,987	40.1
- C&P	**11,750**	3,550	8,200	231.0
- Others	**17,761**	6,232	11,529	185.0
Total revenue	**94,149**	81,652	12,497	15.3
Cost of sales	**(69,993)**	(61,499)	8,494	13.8
Gross Profit				
- R&R	**14,943**	16,109	(1,166)	(7.2)
- A&A	**4,945**	2,496	2,449	98.1
- C&P	**2,496**	485	2,011	NM
- Others	**1,772**	1,063	709	66.7
Total gross profit	**24,156**	20,153	4,003	19.9
Gross Profit Margin				
- R&R	**37.1%**	29.6%	NA	7.5 points
- A&A	**20.3%**	14.3%	NA	6.0 points
- C&P	**21.2%**	13.7%	NA	7.5 points
- Others	**10.0%**	17.1%	NA	(7.1) points
Overall gross profit margin	**25.7%**	24.7%	NA	1.0 points
Other Income	**1,926**	947	979	103.4
Expenses				
- Marketing and distribution	**(1,844)**	(1,092)	752	68.9
- General and administrative	**(12,067)**	(9,466)	2,601	27.5
- Finance costs	**(383)**	(252)	131	52.0
- Other operating expenses	**(1,497)**	(771)	726	94.2
Profit before tax	**10,291**	9,519	772	8.1
Tax expense	**(709)**	(1,413)	(704)	(49.8)
Profit for the year	**9,582**	8,106	1,476	18.2
Profit attributable to:				
- Owners of the Company	**9,227**	8,124	1,103	13.6
- Non-controlling interests	**355**	(18)	373	NM
	9,582	8,106	1,476	18.2
Net attributable profit margin	**9.8%**	9.9%	NA	(0.1) points

NA: Not Applicable

NM: Denotes "Not Meaningful" for a percentage change that is more than 300%

ID work for a residental home.

Architectural design works for the Aston Martin showroom.

Revenue

Both revenue and profitability of the Group reached new highs in FY2016, surpassing last year's record breaking performance. Revenue increased by $12.5 million or 15.3% to $94.1 million in FY2016 from $81.7 million in FY2015. While the R&R segment continued to be the principal income generator contributing 42.7% to the topline, the Group's results was driven mainly by a leap in revenue generated by its new business segments, namely C&P and Others, as well as strong double-digit growth from its A&A segment.

R&R revenue shrank 26.1% yoy to $40.3 million, from $54.5 million in FY2015 from slower and lower revenue recognition in FY2016. Nevertheless, the segment continued to be a leading player in the segment with the completion of 16 public sector projects from Pasir-Ris-Punggol Town Council, SKK (S) Pte Ltd, HDB, Tanjong Pagar Town Council and Tampines Town Council contributing to the Group's FY2016 revenue.

A&A revenue rose 40.1% yoy to $24.4 million in FY2016, from $17.4 million in FY2015. Projects from this segment were mainly from Town Council projects in Pasir Ris-Punggol, Marine Parade, Tampines, Choa Chu Kang and Bishan-Toa Payoh, which are currently ongoing, as well as commercial and hospitality projects completed by our new subsidiary, ISOTeam TMG.

FY2016's biggest growth segment was the Group's C&P business. We completed 13 projects resulting in segmental revenue soaring 231% to $11.8 million compared to $3.6 million in FY2015. Projects we handled included those 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 from Others segment, our second biggest growth division in FY2016, leapt 185.0% to $17.8 million, from $6.2 million in FY2015. The revenue jump was due to projects comprising ID works from the Public Service Division and Woh Hup Pte Ltd, waterproofing works for Ang Mo Kio Town Council, landscaping works from HDB and rental income for leasing services.

R&R, A&A, C&P and Others accounted for 42.7%, 25.9%, 12.5% and 18.9% of the Group's revenue in FY2016 compared to 66.7%, 21.3%, 4.4% and 7.6% in FY2015.

Profitability

In FY2016, gross profit of the Group rose 19.9% to $24.2 million in FY2016 compared to $20.2 million in FY2015, while overall gross profit margin rose a percentage point yoy to 25.7% due to better profit margins from our R&R, A&A and C&P segments.

R&R recorded a profit of $14.9 million with a corresponding gross margin of approximately 37.1% in FY2016, compared to $16.1 million and 29.6% respectively in FY2015.

A&A achieved a gross profit of $4.9 million yielding an improved gross margin of 20.3% in FY2016 compared to $2.5 million and 14.3% respectively in FY2015.

Gross profit from C&P quadrupled to $2.5 million in FY2016 from $0.5 million a year ago and in tandem with this, gross profit margin improved to 21.2% in FY2016 from 13.7% in FY2015.

Others achieved record gross profit of $1.8 million in FY2016 compared $1.1 million in FY2015. However, gross profit margin slipped to 10.0% in FY2016 from 17.1% in FY2015.

Despite higher expenses from ISOTeam's active business acquisitions and operations expansion last year, we achieved a record net profit attributable to equity holders of the Company of $9.2 million in FY2016, an 13.6% yoy rise compared to $8.1 million in FY2015. Overall, we recorded a net attributable profit margin 9.8% in FY2016 compared to 9.9% in FY2015.

Other Income

In FY2016, other income increased by 103.4% yoy to $1.9 million, from $1.0 million in FY2015, mainly due to increases in gain on disposal of property, plant and equipment, interest income and other income such as rebates from suppliers for the bulk quantity purchase and sales of scrap material amounting to $0.3 million each.

Expenses

Marketing and distribution expenses of the Group increased by 68.9% yoy to $1.8 million in FY2016 from $1.1 million in FY2015. This was in line with additional fixed assets, mainly motor vehicles, purchased which led to increases in depreciation of motor vehicles and their running expenses such as diesel and petrol expenses, as well as their repair and upkeep expenses. In addition, the Group incurred higher staff costs due to its acquisition of a new subsidiary.

OPERATING AND FINANCIAL REVIEW

(CONT'D)

General and administrative expenses increased by 27.5% yoy to $12.1 million in FY2016 from $9.5 million in FY2015. The increase was mainly attributable to an increase in staff costs of $1.7 million from business expansion and the acquisition of a subsidiary; an increase in depreciation of $0.7 million; and an increase in overhead cost of $0.2 million which is in line with the expansion of business and acquisition of a new subsidiary.

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

Other Operating Expenses

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

Statement of Financial Position	**As at 30 June 2016 $'000**	As at 30 June 2015 $'000 (Restated)
Non-current assets		
- Property, plant and equipment	**16,429**	9,721
- Intangible assets	**2,243**	2,124
- Goodwill	**2,658**	2,483
- Other investments	**1,477**	400
Current assets		
- 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
- Cash and bank balances	**34,148**	32,273
Total assets	**94,354**	75,757
Non-current liabilities		
- Bank borrowings	**2,162**	569
- Finance lease liabilities	**1,733**	859
- Deferred tax liabilities	**869**	681
Current liabilities		
- Due to customers for contract work-in-progress	**8,638**	5,382
- Bank borrowings	**4,131**	2,360
- Trade and other payables	**21,410**	17,459
- Finance lease liabilities	**792**	519
- Tax payables	**707**	1,545
Total liabilities	**40,442**	29,374
Net assets	**53,912**	46,383
Share capital	**29,618**	29,618
Treasury shares	**(373)**	–
Accumulated profits	**31,726**	24,143
Foreign currency translation reserve	**1**	–
Merger reserve	**(7,338)**	(7,338)
Other reserves	**(151)**	(107)
Non-controlling interests	**429**	67
Total equity	**53,912**	46,383

Assets

Our non-current assets increased by 54.9% to $22.8 million as at 30 June 2016 from $14.7 million as at 30 June 2015. This was mainly due to the 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; assets from our newly acquired subsidiaries of $0.2 million; 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 investment in bonds of $1.1 million.

Our current assets increased by 17.2% to $71.6 million as at 30 June 2016 from $61.0 million as at 30 June 2015. This was attributed mainly to increases in cash and bank balances of $1.9 million; trade and other receivables of $2.6 million; amounts due from customers for contract work-in-progress of $5.0 million; intangible assets of $0.1 million; and investment in bonds of $1.0 million.

Liabilities

Our non-current liabilities increased by 125.9% to $4.8 million as at 30 June 2016 from $2.1 million as at 30 June 2015. This was attributed to the drawdown of bank borrowings of $1.6 million; finance lease facilities of $0.9 million; and an increase in deferred tax liabilities of $0.2 million.

Our current liabilities rose by 30.9% to $35.7 million as at 30 June 2016 from $27.3 million as at 30 June 2015. This was attributed mainly to an increase in amounts due to customers for contract work-in-progress of $3.2 million; an increase in trade and other payables of $3.9 million; a drawdown of bank borrowings of $1.8 million; a drawdown of finance lease liabilities of $0.3 million; and a decrease in tax payable of $0.8 million.

Statement of Cash Flows

Consolidated Statement of Cash Flows	**As at 30 June 2016 $'000**	As at 30 June 2015 $'000 (Restated)
Net cash generated from operating activities	**15,607**	17,063
Net cash used in investing activities	**(10,465)**	(4,533)
Net cash (used in) / generated from financing activities	**(3,458)**	2,486
Cash and cash equivalents at end of financial year	**32,359**	30,675

Net Cash Generated From Operating Activities

The Group generated a net cash of $13.4 million from operating activities before changes in working capital while net working capital inflows amounted to $3.9 million for FY2016. This was mainly due to a decrease in trade and other receivables of $4.8 million; an increase in trade and other payable of $0.5 million; and an increase in 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, we generated approximately $15.6 million in net cash from operating activities.

Net Cash Used In Investing Activities

Net cash used in investing activities amounted to $10.5 million. This mainly attributable to the purchase of plant and equipment of $7.2 million and offset by the proceeds from disposal of property, plant and equipment of $1.0 million; investment in bonds of $2.1 million; and net cash outflow from the acquisition of a subsidiary of $2.2 million.

Net Cash Used In Financing Activities

Net cash used in financing activities amounted to $3.4 million. This was mainly due to the net drawdown of bank borrowing of $1.1 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.

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

Sustainability Policies and Objectives

At the core of ISOTeam lies a strong motivation to conduct our business in a sustainable and conscionable manner. By considering solutions that best protect the environment and delivering work responsibly, transparently and competently, we have been able to build mutual trust with our key stakeholders.

We ensure this ethos permeates all levels of the Group by involving employees, actively seeking Greener solutions and regularly reviewing various aspects of our business sustainability and CSR policies and making improvements. In the long term, we believe this will not only support our corporate performance but also enhance ISOTeam's brand equity with our stakeholders and business partners.

Commitment to Shareholders

ISOTeam is committed to drive long-term value for our shareholders. We do this by ensuring sound corporate governance and accountability as well as maintaining robust internal controls over the financial and operational aspects of our business.

ISOTeam adheres to stringent standards of corporate disclosure and transparency by keeping our shareholders, the investing community and media updated with relevant up-to-date information relating to the Group's operations, financial performance and strategic business updates via the following channels:

- All our corporate announcements, press releases, presentation slides and annual reports on the Singapore Exchange's SGXNET

FYE 30 June 2016	
Financial Calendar	**Analyst, Investor and Media Events**
◆ **12 February 2016** Announcement of HY2016 financial results ◆ **24 August 2016** Announcement of FY2016 financial results ◆ **10 October 2016** Notice of Annual General Meeting ◆ **25 October 2016** Fourth Annual General Meeting	◆ **12 February 2016** HY2016 financial results briefing ◆ **1 March 2016 and 26 April 2016** Corporate Presentation (RHB Securities) ◆ **31 May 2016** RHB Site visit to Yangon office ◆ **25 August 2016** FY2016 financial results briefing ◆ **FY2016** Investor outreach (one-on-one and group sessions)

- Our corporate website (**www.isoteam.com.sg**) has a dedicated investor relation (**"IR"**) section, which serves as a key information source for our operational and financial information, and is also simultaneously updated with materials filed with SGXNET;
- Our IR email: **ir@iso-team.com**;
- Subscription to an e-mail alert service via our IR website, that informs subscribers whenever an announcement is posted on the website;
- Our Board of Directors and Executive Officers are present at our Annual General Meetings to engage shareholders and provide updates.

In addition to this, we hold analyst and media briefings every half year in relation to our financial results. ISOTeam's stock is curently covered by UOB Kay Hian and RHB Securities with "BUY" calls, and DBS Research and Maybank Kim Eng have issued unrated notes on the company.

Commitment to Customers

Satisfied customers are key contributors to the long-term success and growth of the Group.

By conducting our business in a fair and transparent manner, reliably delivering high-quality works on time and adhering to stringent safety standards, ISOTeam has built a trusted brand in the industry. This diligence over close to two decades gives us an edge in winning new and repeat business today.

We are committed to delivering high-quality outcomes that are in line with our customers' needs. To achieve this, we collaborate with our customers to understand their requirements and pride ourselves in offering innovative and/or green solutions that will add value to projects. Over the years, many of our clients have started including our solutions to their requirements at the tender stage.

We have in place a framework to ensure customers receive a consistent quality of work. Our employees work closely with clients to conduct quality surveys at pre-determined phases of completion for each project and keep detailed records of this. This is to ensure that projects are progressing according to the clients' specifications and that they are pleased with the work done at each milestone.

We also have in place a set of value propositions that encapsulates our promises to clients:

i. To provide value for money products and services through competitive pricing and competent execution of work;
ii. To deal with our customers in a fair and transparent manner;
iii. To achieve high quality work through stringent process control and continuous improvements by investing in training and upgrading of our workforce;
iv. To meet project deadlines through sound project management by promoting open communication and teamwork; and
v. To exceed customers' expectations and to treat all individuals with respect, courtesy and honesty.

Commitment to Employees

Our people underpin the Group's ability to achieve our vision *"To be Singapore's number 1 and Preferred Partner in Total Maintenance Solutions"*. We are committed to providing meaningful employment and support our employees by building a culture of continuous learning and teamwork that enables them to reach their full potential.

Fair and Conducive Working Environment

We engage and motivate employees by equipping them with the necessary skills, training and qualifications to excel. We have developed a framework for career progression and adopted flexible working arrangements for those who need it because of family commitments. The Group has also re-designed certain jobs to attract older workers and back-to-work locals. We believe this will enable our employees to deliver their best work.

ISOTeam employees stretching before commencing our Green Day activities at Pulau Ubin.

Team Building and Employee Welfare

Our Rest and Recreation Committee plans our annual ISOTeam bonding event. This year, to reward and give our employees a well-deserved break, we took them to Desaru. Such activities present opportunities to forge closer working relationships among our employees through team building exercises.

To motivate employees to be leaders and share ideas, ISOTeam has in place a YES! Campaign where our staff are encouraged to share ideas that they believe will increase productivity and efficiency, reduce redundancies or minimise wastage and costs. In place since 2012, we have already implemented many new initiatives through this campaign and given out rewards for good ideas from our employees.

ISOTeam also celebrates its Green Day Anniversary on 12 December every year. This celebration incorporates fun-filled activities with green outcomes. This year, we took the team to Pulau Ubin for a car-free day of cycling and trekking.

Throughout the year, we celebrate special occasions such as Christmas Day, Boss Day, Labour Day, Hari Raya, Deepavali, Chinese New Year and birthdays with our staff. Our Rest and Recreation Committee also organises our annual D&D including the programme and games. During the event, awards are given out to recognise long-serving employees for their loyalty.

To encourage healthy diets and lifestyles among our employees, we have decided to make our Fruits Day, which we started in FY2015, permanent by distributing a variety of fruits to our employees on the last Friday of every month. This is followed by individual departments sharing knowledge on building a balanced and healthy diet and lifestyle.

Staff Training

As an employer of choice, ISOTeam places strong emphasis on staff training to constantly upgrade the abilities and competencies of our people. This ensures that the Group always delivers work of a high and industry-leading standard.

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

(CONT'D)

We constantly conduct our internal training programmes for Riggerman and operators of various specialised on-site machinery and equipment to integrate new employees and to serve as a refresher for existing employees.

The Group also enrols selected employees for external training courses for construction and workplace safety, construction project management, quality assurance, accounting systems and software training and other job-specific programmes and seminars to keep their skills and knowledge current.

To constantly upgrade their personal and job-related knowledge, our senior management and managers have attended a series of management leadership and productivity courses. This year, several of them attended courses including the "Effective Leadership Development", "Effective Selling Strategy", "Business Strategic Planning", "Private Internal Quality Auditor" and "Interior and Landscape Design".

Occupational Safety and Health

Operating in a tightly regulated industry working with heavy machinery and in live project sites that are in close proximity to the public, we place a significant emphasis on occupational safety and health standards. In line with this, ISOTeam chooses to work with sub-contracting partners with similar commitments to occupational safety and health.

Besides the aforementioned staff training in workplace safety, our project sites are also adequately insured to protect against public liability and our employees are suitably insured and provided with health screenings for at least one year.

Over the years, the Group has gone beyond the Building and Construction Authority's (**"BCA"**) stringent Quality, Environment, Health and Safety (**"QEHS"**) requirements and met the standards of occupational safety standards set forth by recognised certification bodies, and has been awarded OHSAS 18001:2007, bizSAFE Level 3 and bizSAFE Level Star and Singapore Health Award (Silver).

Key Performance Indicators

The Group has a system to conduct regular anonymous peer and management appraisals. Implemented since 2011, this is to ensure employees, supervisors and management teams are given accurate feedback on their performance and enable the Group to identify areas for improvement.

Operationally, ISOTeam monitors and keeps proper accounts of incidents of fines and penalties. This allows us to trace the cause of problems and enables us to set preventive measures and improve on existing processes.

Commitment to the Community

The Group is committed to giving back to our community and lending our expertise where required. We encourage and support our employees to engage in socially responsible activities and community service.

In line with the SG50 celebrations in FY2016, the Group participated in our single largest community outreach activity to-date by reaching out to more than 50 underprivileged households to repaint their homes. Involving more than 150 ISOTeam employees, this was carried out in collaboration with 4 (Nee Soon, Moulmein-Kallang, Tanjong Pagar and East Coast) Town Councils, Peoples' Association (PA), Singapore Polytechnic and Nippon Paint Singapore.

Separately, our ISOHomeCare business has also been reaching out to more underprivileged

In FY2016, ISOTeam spruced up over 80 homes as part of our efforts to give back to society.

households in the Tampines area to lend our expertise in home repairs and upgrading. In FY2016, we worked with the Tampines Town Council and the Ministry of Social and Family Development to help over 30 families.

In FY2016, we also made cash contributions of close to $56,000 to various organisations for activities organised in support of community development and the needy and underprivileged. Some of the donations include:

- $10,000 to the Singapore Children's society
- $5,000 to the SGX Bull Charge Paintball Challenge 2015
- $3,000 to My Favourite Place Art Competition 2016
- $5,000 to Aljunied Constituency Community for SG50 celebrations
- $10,000 to Tampines Town Council SG50 Celebrations

Commitment to the Environment

ISOTeam's green in our logo represents our commitment to environmental stewardship and adding environmental value to everything we do. This means we constantly look for new and/or innovative ways to reduce our carbon footprint by preventing pollution, minimising waste and efficiently utilising resources in the course of our work as well as doing our part to clean up the environment.

We pride ourselves on being an early adopter of environmentally-friendly methods and products. This has positively impacted the way every employee thinks and works – striving to reuse, reduce and recycle all office and work-site resources. We also encourage employees to share their ideas to work in a greener way by circulating paperless memos within the group. This has resulted in substantial savings in resources, namely paper, filing space and man-hours spent on administrative matters.

As a leader in the building maintenance and estate upgrading industry in Singapore, we are responsible to current and future generations of Singaporeans to build, maintain and upgrade their estates responsibly. The three main pillars under our green leadership programme that guide us are our Green Construction Methodology, Green Procurement Policy and Green Partnerships.

This green mantle has led to the Group adopting many eco-friendly methodologies and products that have come to replace industry standards in recent years. By calculating the life-cycle costs of our green solutions in project tenders, we show our clients that while initial costs may appear higher, green solutions tend to be more durable and therefore more cost-effective when calculated over the longer lifespan of the product.

Underscoring this, ISOTeam has expanded its operations into the renewable energy installation sector for solar panels and hydrogen fuel cells as back-up power generators for lifts in HDB blocks. In addition, the Group has continued to introduce more green products under its proprietary in-house brand to its line-up including its Methyl Methacrylate system and anti-slip floor treatment coating. Further, we are also developing green label fireproof intumescent paint and exploring new fireproof products such as electrical cables and trays.

Over 60 ISOTeam employees were involved in our beach clean-up drive at Changi Beach.

We also have a Green Movement Committee set up internally to initiate green efforts and organise activities for the Group. On 3 October 2015, the Group, in collaboration with the National Parks Board, organised a beach clean-up drive at Changi Beach where more than 60 ISOTeam staff worked to clear the beach of rubbish and waste material.

Our motivation to go green has resulted in us being awarded ISO 14001:2004 (Environmental Management System)[1] and our headquarters building being awarded with the Green Mark Certification. We are also a Corporate Member of the Singapore Green Building Council and became one of the first companies in the refurbishment sector to clinch the Green and Gracious Builder Award (Excellent) by the BCA.

(1) For general building construction and provision of suspended scaffolding works.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DAVID NG CHENG LIAN
(Executive Chairman)

ANTHONY KOH THONG HUAT
(Executive Director and Chief Executive Officer)

DANNY FOO JOON LYE
(Executive Director)

TAN ENG ANN
(Lead Independent Director)

SOH CHUN BIN
(Independent Director)

NG KHENG CHOO
(Independent Director)

AUDIT COMMITTEE

TAN ENG ANN (Chairman)
SOH CHUN BIN
NG KHENG CHOO

NOMINATING COMMITTEE

NG KHENG CHOO (Chairman)
TAN ENG ANN
SOH CHUN BIN

REMUNERATION COMMITTEE

SOH CHUN BIN (Chairman)
TAN ENG ANN
NG KHENG CHOO

COMPANY SECRETARIES

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LWIN LWIN AUNG, CA Singapore

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Singapore 068898

AUDITOR

BAKER TILLY TFW LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
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Partner-in-charge: Ong Kian Guan, CA Singapore
(Appointed since reporting year ended 30 June 2013)

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CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or the "Directors") of ISOTeam Ltd. (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") to maximise the long-term shareholder value, protect the interests of stakeholders as well as promote investors' confidence.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"). This section outlines the main corporate governance practices and procedures adopted by the Company during the financial year ended 30 June 2016, with reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: *Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.*

The Board is entrusted to steer the direction of the Company by setting strategic objectives and ensuring adequate resources to achieve its objectives.

Besides carrying out its statutory responsibilities, the principle functions of the Board include setting, reviewing and approving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of key personnel;
- announcement of half year and full year results, the annual report and financial statements;
- material acquisitions and disposal of assets;
- corporate or financial restructuring;
- share issuances, dividends;
- all matters of strategic importance; and
- oversee the processes for evaluating the adequacy of internal control, financial reporting and compliance.

Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and the Remuneration Committee ("RC"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures.

The Board meets regularly, with at least two (2) scheduled meetings within each financial year. Besides the scheduled Board meetings, ad-hoc meetings are also convened when circumstances require. Telephonic attendance at Board meetings is allowed under the Company's Constitution (the "Constitution"). Apart from approval obtained at Board meetings, important matters are also put to the Board's approval by way of circulating resolutions in writing.

The Management keeps the Directors up-to-date on pertinent developments including the Group's business financial reporting standards and industry-related matters. The Company also has in place an orientation program and materials to ensure that all Directors are familiar with the business and organisation structure of the Group. Every new Director will also receive a formal letter of appointment setting out the duties and obligations of the Director upon appointment. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the management of the Group (the "Management"). The Company encourages Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties. The recruiting, appointing and resigning processes for Directors are discussed in Board meetings and NC meetings. The decision-making processes and the decisions are recorded in meeting minutes in a timely and orderly manner.

The attendance of the Directors of the Board and Board Committees as well as the frequency of such meetings in the financial year ended 30 June 2016 are disclosed in the table below:

Types of Meetings / Names of Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held for FY2016	**2**	**2**	**1**	**1**
Ng Cheng Lian	1#	1*	1*	1*
Koh Thong Huat	2	2*	1*	1*
Foo Joon Lye	2	2*	1*	1*
Tan Eng Ann	2	2#	1	1
Soh Chun Bin	2	2	1	1#
Ng Kheng Choo	2	2	1#	1

Notes:

\# Chairman

* By invitation

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.*

The Board currently comprises three Executive Directors and three Independent Directors as follows:

Executive Directors

Mr Ng Cheng Lian (Executive Chairman)
Mr Koh Thong Huat (Chief Executive Officer ("CEO"))
Mr Foo Joon Lye (Director (Operations))

Independent Directors

Mr Tan Eng Ann
Mr Soh Chun Bin
Ms Ng Kheng Choo

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. In this regard, the NC is of the view that Mr Tan Eng Ann, Mr Soh Chun Bin and Ms Ng Kheng Choo are independent.

Half of the Board is made up of Independent Directors and each Independent Director has confirmed that they are independent from the Company, its related corporations, its officers or its Shareholders with shareholdings of 10% or more in the voting shares of the Company. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs independently from the Management.

Currently, no Independent Director has served on the Board beyond nine years from the date of his/her first appointment.

The Board through the NC has examined the Board's size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the wide spectrum of skill and knowledge of the Directors. The Board also includes one female Director in recognition of the value of gender diversity. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board and the Board committees comprise Directors, who, as a group, provide core competencies such as accounting, finance, business, legal and management experience, and strategic planning experience, which are complementary and enhance the effectiveness of the Board. Where warranted, the Independent Directors will meet in the absence of the Management to facilitate a more effective check on the Management.

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.*

The Company adopts a dual leadership structure whereby the roles of Chairman and CEO are distinct, each having their own areas of responsibilities and functions, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are thus separate persons and the Chairman is not related to the CEO.

The Executive Chairman, Mr Ng Cheng Lian, is responsible for the leadership of the Board. He supports the CEO in the implementation of the corporate and strategic development of the Group. The CEO, Mr Koh Thong Huat, formulates and implements the Group's expansion plans and the overall corporate and strategic development of the Group and ensures conformance by the Management to such plans.

Notwithstanding that the Chairman is not an Independent Director and part of the Management team, the Board is of the opinion that there are adequate safeguards in terms of accountability and transparency. In accordance with the Code, Mr Tan Eng Ann who is the Chairman of the AC and Lead Independent Director, is available to shareholders when they have concerns where contact through the normal channels of the Chairman, CEO, Executive Directors and/or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment and re-appointment of Directors to the board.*

The NC comprises three Independent Directors, namely Ms Ng Kheng Choo, Mr Tan Eng Ann and Mr Soh Chun Bin. The Chairman of the NC is Ms Ng Kheng Choo. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

(a) to review and recommend to the Board, all Board appointments and re-appointments;

(b) to determine, on an annual basis, if a Director is independent, with reference to the independent guidelines contained in the Code;

(c) to decide whether or not a Director is able to and has been adequately carrying out his or her duties as a Director; and

(d) to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

The NC has reviewed the independence of each Director in accordance with the Code's definition of independence and is satisfied that half of the Board is made up of Independent Directors.

In the selection and appointment of new Directors, the NC will identify the key desired competencies of a new Director, which would complement the skills and competencies of the existing Directors. Potential candidates will then be sourced from the Directors' personal contacts or through external consultants or recruitment agencies. Interviews are then set up to assess shortlisted candidates.

Regulation 107 of the Constitution requires one-third of its Directors to retire from office by rotation and be subject to re-nomination and re-election by shareholders at every Annual General Meeting ("AGM") of the Company. No Director shall stay in office for more than three years without being re-elected by shareholders. The Directors to retire in a particular year shall be those who have been in office for the longest since their last election. A retiring Director is eligible for re-election by shareholders at the AGM. This process of Board Renewal ensures good governance and allows the Board to cater to the changing needs of the Company. The Directors submit themselves for re-nomination and re-election at least once every three years.

The NC will assess and recommend to the Board whether the retiring Directors are suitable for re-election. In considering the re-election of a Director, the NC will evaluate such Director's contributions in terms of experience, business perspective, attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his or her own re-election. The NC has recommended the re-election of two Directors retiring under Regulation 107 of the Constitution, namely Mr Foo Joon Lye and Ms Ng Kheng Choo at the forthcoming AGM. The Board has accepted the NC's recommendation.

The dates of appointment and directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
			Present	Last Three Years
Ng Cheng Lian	12 December 2012	27 October 2014	Nil	Nil
Koh Thong Huat	12 December 2012	27 October 2015	Nil	Nil
Foo Joon Lye	12 December 2012	28 October 2013	Nil	Nil
Tan Eng Ann	7 June 2013	27 October 2014	• Hiap Tong Corporation Ltd. • SingAsia Holdings Limited* • GCCP Resources Limited	• Chiwayland International Limited
Soh Chun Bin	7 June 2013	27 October 2015	• Geo Energy Resources Limited • Triyards Holdings Limited	• Asia Fashion Holdings Limited
Ng Kheng Choo	7 June 2013	28 October 2013	• OKH Global Ltd.	Nil

* Listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his or her duties as Director of the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

As at the date of this Report, the Company does not have any alternate Director.

Key information regarding the Directors and information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

Board Performance

Principle 5: *There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution by each Director to the effectiveness of the board.*

The NC has adopted a formal process to assess the performance and effectiveness of the Board and its committees, and the contribution of each Director to the effectiveness of the Board on a yearly basis. Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each Director for completion and the assessment results are discussed at NC meetings. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as Director. In the event that any member has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review relating to that matter.

The Board reviews its performance against qualitative and quantitative targets on an annual basis and is of the view that it has met its performance objectives during FY2016.

Access to Information

Principle 6: *In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Directors are furnished with timely and adequate information from the Management to enable them to discharge their duties effectively. Changes to regulations are briefed at the Board and Board Committees' meetings or circulated via electronic media as and when the changes arise, especially where these changes have an important bearing on the Company's or the Directors' disclosure obligations. Directors have unrestricted access to the Company's records and information and all Board and Board Committees' minutes. Directors are also provided agenda and meeting materials in advance and have separate and independent access to the Company Secretaries and Management at all times to obtain further information, where necessary. Such information include information relating to matters to be bought up at Board meetings, copies of budgets, forecasts and interim financial statements.

The Company Secretaries attend all Board and Board Committees' meetings and are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Cap. 50, and the provisions in the Catalist Rules are complied with. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his or her duties and responsibilities as Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration.*

The RC comprises three Independent Directors, namely Mr Soh Chun Bin, Mr Tan Eng Ann and Ms Ng Kheng Choo. The Chairman of the RC is Mr Soh Chun Bin. The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

(a) to review and recommend to the Board a general framework of remuneration for the Board and executive officers and the specific remuneration packages and terms of employment (where applicable) for each Director, executive officers and employees related to the Directors and substantial shareholders of the Company;

(b) to function as the committee referred to in the ISOTeam Performance Share Plan (the "ISOTeam PSP") and shall have all the powers as set out in the ISOTeam PSP; and

(c) to review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

RC members shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of their own remuneration.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The Company has its own designated remuneration policy for the Executive Directors, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary, allowance and a variable bonus, which takes into account the individual Director and Group's performance as well as the market rates.

Mr Ng Cheng Lian (Executive Chairman), Mr Koh Thong Huat (CEO) and Mr Foo Joon Lye (Director (Operations)) are paid based on their respective service agreements with the Company. The service agreements are subject to review and renewal upon expiry, unless terminated by a notice in writing of not less than six months by either party.

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company.

The Company has adopted the ISOTeam PSP in June 2013. The ISOTeam PSP is administered by the RC. Please refer to the "Directors' Statement" section of this annual report for more information on the ISOTeam PSP.

Disclosure on Remuneration

Principle 9: *Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.*

The Board is of the view that full disclosure of the specific remuneration of Director and key management staff may be prejudicial to its business interests, given the highly competitive business environment the Company operates in and the irrevocable negative impact such disclosure would have on the Group.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2016 is set out below:

Remuneration Band and Name of Director	Fee	Salary*	Bonus	Allowance	Total
$500,000 to $750,000	%	%	%	%	%
Ng Cheng Lian	–	47	47	6	100
Koh Thong Huat	–	51	44	5	100
Foo Joon Lye	–	39	55	6	100
Below $250,000					
Tan Eng Ann	100	–	–	–	100
Soh Chun Bin	100	–	–	–	100
Ng Kheng Choo	100	–	–	–	100

Note:

* These amounts are inclusive of employer's CPF contribution.

A breakdown, showing the level and mix of each key executive's remuneration for FY2016 is set out below:

Remuneration Band and Name of Executive#	Fee	Salary*	Bonus	Allowance	Total
Below $250,000	**%**	**%**	**%**	**%**	**%**
Or Thiam Huat	24	62	–	14	100
Lim Kim Hock	24	62	–	14	100
Chan Chung Khang	–	78	22	–	100
Tan Wei*	–	72	24	4	100
Lwin Lwin Aung	–	76	19	5	100

Notes:

* These amounts are inclusive of employer's CPF contribution.
* Tan Wei ceased his employment as Chief Strategy Officer on 26 July 2016.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There were no termination, retirement and post-employment benefits granted to Directors, CEO and Executive Officers of the Group.

None of the current employees are related to the Directors or the CEO.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: *The board should present a balanced and understandable assessment of the company's performance, position and prospects.*

In presenting the annual financial statements and interim announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced assessment of the Group's performance, position and prospects. The Board is committed to provide shareholders with timely and accurate financial statements in compliance with statutory reporting requirements.

Risk Management and Internal Controls

Principle 11: *The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Company does not have a risk management committee. However, the Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business and operational risks as well as appropriate measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has appointed an external professional firm, namely Nexia TS Risk Advisory Pte Ltd, to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance on its policies and procedures manual.

The Board has received assurance from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Group's operations and finances; and (b) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by the Management, the Board and its Committees, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 30 June 2016. The Board and the AC note that all internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improving the Company's internal control system.

Audit Committee

Principle 12: *The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises three Independent Directors, namely Mr Tan Eng Ann, Mr Soh Chun Bin and Ms Ng Kheng Choo. The Chairman of the AC is Mr Tan Eng Ann. The AC is regulated by a set of written terms of reference which are in line with the Code. The Board is of the view that the AC has sufficient financial and management expertise and experience amongst its members to discharge the AC's responsibilities.

The AC will meet periodically to discuss, inter alia, the following:

(a) to review the audit plans of the external auditor and internal auditor, including the results of the internal auditor's review and evaluation of the system of internal controls of the Group;

(b) to review the annual consolidated financial statements and the 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 external auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

(c) to review the half-yearly consolidated financial statements comprising the statement of comprehensive income, the statement of financial position and such other information required by the Catalist Rules before submission to the Board for approval;

(d) to review and discuss with the external auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(e) to review the co-operation given by the Management to the external auditor;

(f) to consider the appointment or re-appointment of the external auditor;

(g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

(h) to review any potential conflicts of interests (if any);

(i) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, 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) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(k) to 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.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and the co-operation of the Management.

The AC had met with the internal and external auditors, without the presence of the Management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the internal and external auditors.

For the FY2016, the aggregate amount of fees paid or payable to the external auditor for the audit services is reflected in Note 6 to the audited financial statements. There is no non-audit services provided by the external auditor as of 30 June 2016. In the AC's opinion, Baker Tilly TFW LLP is suitable for re-appointment and the AC has accordingly recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as the external auditor of the Company at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditor.

The Company has in place a whistle-blowing policy which provides an accessible channel for employees of the Group to raise concerns to the AC about possible corporate improprieties or possible fraudulent activities in matters of financial reporting or other matters.

It is the Company's practice for the external auditor to present to the AC its audit plan and with updates relating to any changes in accounting standards impacting the financial statements before an audit commences. During FY2016, the changes in accounting standards has no material impact on the Group's financial statements.

Internal Audit

Principle 13: *The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Nexia TS Risk Advisory Pte Ltd to undertake the functions of an internal auditor for the Group. The internal auditor reports directly to the AC and administratively to the Executive Directors.

In view of the above, the AC is satisfied that the current arrangement to outsource the internal audit to Nexia TS Risk Advisory Pte Ltd will provide an independent internal audit for the Group's operations.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company, and will ensure that all information disclosed is as descriptive, detailed and forthcoming as possible.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively and to vote in the AGM. Notice of the AGM is despatched to shareholders together with an annual report. Shareholders may vote in person or by proxy. The Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM.

In line with the amendments to the Companies Act, Cap. 50, corporate shareholders of the Company which provide nominee or custodial services to third parties, are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings. A proxy need not be a member of the Company.

Communication with Shareholders

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Cap. 50, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

The Company does not practise selective disclosure. Price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period.

Regular media and analyst briefings are organised to enable a better appreciation of the Group's performance and developments. The Company holds investor briefings, inviting the media and analyst, after the release of its half year or full year financial results.

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive is disseminated without delay via announcements and/or press releases on SGXNET;

(b) Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcement of financial results;

(c) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(d) Operate an open policy with regard to shareholders' or investors' enquiries.

The Company has adopted a dividend policy whereby the Company shall distribute up to 20% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items to its Shareholders on 14 October 2015.

Conduct of Shareholders Meetings

Principle 16: *Companies should encourage greater shareholder participation at general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

All shareholders will receive the Company's annual report and notice of AGM. Shareholders will be given the opportunity and time to voice their views and ask the Directors or the Management questions regarding the Company at the forthcoming AGM.

The Chairman of each Board Committee is required to be present to address questions at the AGM. The external auditor will also be present at such meeting to assist the Directors to address shareholders' queries, if necessary.

The Constitution allows any member of the Company, if he or she is unable to attend the meeting, to appoint not more than two proxies, and corporate shareholders which provide nominee or custodial services to appoint more than two proxies to attend and vote on his, her and their behalf at the meeting through proxy forms sent in advance.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

As required under Chapter 12 of the Catalist Rules, the Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information in relation to those shares. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the full year or half year results and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transaction

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

CORPORATE GOVERNANCE REPORT

Details of the interested person transactions entered into by the Group for FY2016 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions during FY2016 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Testing fees paid to Green Pest Management Pte. Ltd.	$214,000	Nil

The Board confirms that the above interested person transactions were entered into on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the shareholders of the Company.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Company's sponsor, Hong Leong Finance Limited for FY2016.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "Directors' Statement" section of this annual report and the audited financial statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Use of Proceeds from Placement of 9,000,000 new ordinary shares in the capital of the Company

The Company raised net proceeds of approximately $5.04 million from the placement of 9,000,000 new ordinary shares in the capital of the Company. As at 24 August 2016, such placement proceeds had been utiltsed in accordance with the intended purposes as follows:

Intended purposes	Amount allocated $'000	Amount utilized $'000	Balance $'000
To fund capital expenditures	3,000	(549)	2,451
To fund new investments and business expansion through acquisitions, joint ventures and/or strategies alliances	1,500	(82)	1,418
General working capital	536	(536)	–
Total	**5,036**	**(1,167)**	**3,869**

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of ISOTeam Ltd. and its subsidiaries (the "Group") for the financial year ended 30 June 2016 and the statement of financial position of ISOTeam Ltd. (the "Company") as at 30 June 2016.

In the opinion of the Directors:

(i) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 59 to 111 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Singapore Companies Act and 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.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

Ng Cheng Lian
Koh Thong Huat
Foo Joon Lye
Tan Eng Ann
Soh Chun Bin
Ng Kheng Choo

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and/related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act"), except as follows:

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which a Director is deemed to have an interest	
Name of Directors	At 1.7.2015	At 30.6.2016	At 1.7.2015	At 30.6.2016
Ng Cheng Lian	3,841,000	7,682,000	59,977,203	119,954,406
Koh Thong Huat	3,841,000	7,682,000	59,977,203	119,954,406
Foo Joon Lye	–	–	63,818,203	127,636,406

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

The deemed interest of Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye in the shares of the Company are by virtue of their shareholdings in ADD Investment Holding Pte Ltd. At 30 June 2016, ADD Investment Holding Pte Ltd holds 119,954,406 shares in the Company. In addition, Foo Joon Lye is deemed to be interested in 7,682,000 shares in the Company held by his nominee as at 30 June 2016.

By virtue of Section 7 (4) of the Act, the Directors, Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye, by virtue of their interest of not less than 20% of the issued share capital of the Company are deemed to have an interest in the shares held by the Company in the following subsidiaries corporation that are not wholly-owned by the Group.

	Number of ordinary shares Shareholdings in which a Director is deemed to have an interest	
Name of Directors	At 1.7.2015	At 30.6.2016
Zara@ISOTeam Pte. Ltd.	51,000	51,000
ISOTeam TMS (Myanmar) Limited	–	45,000

The Directors' interests as at 21 July 2016 was the same as those at the end of the financial year.

SHARE OPTIONS

The Company does not have any share option scheme or share scheme.

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

ISOTEAM PERFORMANCE SHARE PLAN

The ISOTeam Performance Share Plan (the "ISOTeam PSP") was adopted by the shareholders of the Company on 5 June 2013. The ISOTeam PSP contemplates the award of fully-paid shares in the capital of the Company ("Shares") to participants after certain pre-determined benchmarks have been met. The Directors believe that the ISOTeam PSP will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals.

The ISOTeam PSP allows for participation by full-time employees of the Group (including the Executive Directors who are not a substantial shareholder of the Company or its associates) 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. Non-Executive Directors, Independent Directors and controlling shareholders (including their associates) of the Company are not eligible to participate in the ISOTeam PSP.

DIRECTORS' STATEMENT

ISOTEAM PERFORMANCE SHARE PLAN (CONT'D)

The ISOTeam PSP is administered by the Remuneration Committee of the Company which has the absolute discretion to determine persons who will be eligible to participate in the ISOTeam PSP. The ISOTeam PSP shall continue in operation for a maximum period of 10 years commencing on the date on which the ISOTeam PSP is adopted, provided that the ISOTeam PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares which may be issued or transferred pursuant to the awards granted under the ISOTeam PSP, when added to (i) the number of shares issued or issuable and/or transferred or transferrable in respect of all awards granted thereunder; and (ii) all shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant award date.

Since the commencement of the ISOTeam PSP, the Company has not granted any awards under the ISOTeam PSP.

AUDIT COMMITTEE

The Audit Committee comprises three members, who are all Independent Directors. The members of the Audit Committee for the financial year are:

Tan Eng Ann (Chairman)
Soh Chun Bin
Ng Kheng Choo

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

(a) reviewing the audit plans of the external auditor and internal auditor, including the results of the external and internal auditors' review and evaluation of the system of internal controls of the Group;

(b) reviewing the annual consolidated financial statements and the external auditor's report on those financial statements, and discussing 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 auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

(c) reviewing the periodic consolidated financial statements comprising the statement of comprehensive income and the statement of financial position and such other information required by the Catalist Rules, before submission to the Board for approval;

(d) reviewing and discussing with the external and internal auditors, if any, suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;

(e) reviewing the co-operation given by the management to the external auditor;

(f) considering the appointment or re-appointment of the external auditor;

(g) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

AUDIT COMMITTEE (CONT'D)

(h) reviewing potential conflicts of interests (if any);

(i) reviewing the procedures by which employees of the 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) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(k) undertaking 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.

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Ng Cheng Lian Director	Koh Thong Huat Director

28 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages 59 to 111, which comprise the statements of financial position of the Group and the Company as at 30 June 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and 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 financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

28 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Revenue	3	**94,149**	81,652
Cost of sales		**(69,993)**	(61,499)
Gross profit		**24,156**	20,153
Other income	4	**1,926**	947
Marketing and distribution expenses		**(1,844)**	(1,092)
General and administrative expenses		**(12,067)**	(9,466)
Finance costs	5	**(383)**	(252)
Other operating expenses		**(1,497)**	(771)
Profit before tax	6	**10,291**	9,519
Tax expense	8	**(709)**	(1,413)
Profit for the year		**9,582**	8,106
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation gain		**1**	–
Other comprehensive income for the year, net of tax		**1**	–
Total comprehensive income for the year		**9,583**	8,106
Profit attributable to:			
Equity holders of the Company		**9,227**	8,124
Non-controlling interests		**355**	(18)
		9,582	8,106
Total comprehensive income attributable to:			
Equity holders of the Company		**9,228**	8,124
Non-controlling interests		**355**	(18)
		9,583	8,106
Earnings per share attributable to equity holders of the Company			
Basic and diluted (cents)	9	**3.23**	3.23

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	Group 2016 $'000	Group 2015 $'000 (Restated)	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	10	**16,429**	9,721	**–**	–
Goodwill	11	**2,658**	2,483	**–**	–
Intangible assets	12	**2,243**	2,124	**–**	–
Other investments	13	**1,477**	400	**–**	–
Investment in subsidiaries	14	**–**	–	**27,604**	24,046
Total non-current assets		**22,807**	14,728	**27,604**	24,046
Current assets					
Due from customers for contract work-in-progress	15	**17,053**	12,081	**–**	–
Intangible assets	12	**77**	–	**–**	–
Other investments	13	**984**	–	**–**	–
Inventories	16	**180**	158	**–**	–
Trade and other receivables	17	**19,105**	16,517	**4,686**	2,541
Cash and bank balances	18	**34,148**	32,273	**7,158**	8,667
Total current assets		**71,547**	61,029	**11,844**	11,208
Total assets		**94,354**	75,757	**39,448**	35,254
Non-current liabilities					
Finance lease liabilities	19	**1,733**	859	**–**	–
Deferred tax liabilities	20	**869**	681	**–**	–
Bank borrowings	21	**2,162**	569	**–**	–
Total non-current liabilities		**4,764**	2,109	**–**	–
Current liabilities					
Due to customers for contract work-in-progress	15	**8,638**	5,382	**–**	–
Bank borrowings	21	**4,131**	2,360	**1,209**	–
Trade and other payables	22	**21,410**	17,459	**3,415**	3,014
Finance lease liabilities	19	**792**	519	**–**	–
Tax payables		**707**	1,545	**–**	–
Total current liabilities		**35,678**	27,265	**4,624**	3,014
Total liabilities		**40,442**	29,374	**4,624**	3,014
Net assets		**53,912**	46,383	**34,824**	32,240
Share capital and reserves					
Share capital	23(a)	**29,618**	29,618	**29,618**	29,618
Treasury shares	23(b)	**(373)**	–	**(373)**	–
Accumulated profits		**31,726**	24,143	**5,623**	2,622
Foreign currency translation reserve	24	**1**	–	**–**	–
Merger reserve	25	**(7,338)**	(7,338)	**–**	–
Other reserves		**(151)**	(107)	**(44)**	–
Equity attributable to equity holders of the Company		**53,483**	46,316	**34,824**	32,240
Non-controlling interests		**429**	67	**–**	–
Total equity		**53,912**	46,383	**34,824**	32,240

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Attributable to equity holders of the Company								
	Share capital $'000	Accumulated profits $'000	Merger reserve $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2016									
Balance at 1.7.2015	29,618	24,143	(7,338)	–	–	(107)	46,316	67	46,383
Profit for the year	–	9,227	–	–	–	–	9,227	355	9,582
Other comprehensive income									
Foreign currency translation gain (note 24)	–	–	–	–	1	–	1	–	1
Other comprehensive income for the year, net of tax	–	–	–	–	1	–	1	–	1
Total comprehensive income for the year	–	9,227	–	–	1	–	9,228	355	9,583
Contributions by and distributions to equity holders									
Dividend (note 27)	–	(1,644)	–	–	–	–	(1,644)	–	(1,644)
Purchase of treasury shares	–	–	–	(1,966)	–	–	(1,966)	–	(1,966)
Treasury shares reissued pursuant to acquisition of a subsidiary (note 23(b))	–	–	–	1,593	–	(44)	1,549	–	1,549
	–	(1,644)	–	(373)	–	(44)	(2,061)	–	(2,061)
Changes in ownership interest in a subsidiary									
Incorporation of a subsidiary	–	–	–	–	–	–	–	7	7
Total transactions with equity holders of the Company	–	(1,644)	–	(373)	–	(44)	(2,061)	7	(2,054)
Balance at 30.6.2016	**29,618**	**31,726**	**(7,338)**	**(373)**	**1**	**(151)**	**53,483**	**429**	**53,912**

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	← Attributable to equity holders of the Company →						
	Share capital $'000	Accumulated profits $'000	Merger reserve $'000	Other reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2015							
Balance at 1.7.2014	15,867	17,195	(7,338)	–	25,724	63	25,787
Profit and total comprehensive income for the year	–	8,124	–	–	8,124	(18)	8,106
Contributions by and distributions to equity holders							
Issue of shares	6,620	–	–	–	6,620	–	6,620
Share issue expenses	(193)	–	–	–	(193)	–	(193)
Dividend (note 27)	–	(1,176)	–	–	(1,176)	–	(1,176)
Issuance of shares pursuant to acquisition of subsidiaries	7,324	–	–	–	7,324	22	7,346
	13,751	(1,176)	–	–	12,575	22	12,597
Changes in ownership interest in a subsidiary							
Acquisition of non-controlling interest without a change in control	–	–	–	(107)	(107)	–	(107)
	–	–	–	(107)	(107)	–	(107)
Total transactions with equity holders of the Company	13,751	(1,176)	–	(107)	12,468	22	12,490
Balance at 30.6.2015	29,618	24,143	(7,338)	(107)	46,316	67	46,383

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $'000	2015 $'000 (Restated)
Cash flows from operating activities		
Profit before tax	**10,291**	9,519
Adjustments for:		
Amortisation of intangible assets	**1,498**	193
Depreciation of property, plant and equipment	**2,107**	2,502
Gain on disposal of property, plant and equipment	**(520)**	(179)
Interest income	**(336)**	(53)
Interest expense	**304**	148
Property, plant and equipment written off	**2**	24
Allowance for doubtful receivables (net)	**2**	75
Goodwill written off	**–**	578
Bad debts written off	**25**	3
Inventories written off	**–**	3
Operating profit before working capital changes	**13,373**	12,813
Contract work-in-progress	**(1,358)**	(1,486)
Trade and other receivables	**4,781**	3,420
Trade and other payables	**530**	3,515
Inventories	**(22)**	3
Cash generated from operations	**17,304**	18,265
Interest received	**336**	53
Interest paid	**(298)**	(141)
Tax paid	**(1,735)**	(1,114)
Net cash generated from operating activities	**15,607**	17,063
Cash flows from investing activities		
Purchase of other investments	**(2,067)**	–
Net cash outflows on acquisition of subsidiaries (note 14)	**(2,171)**	(3,257)
Purchases of property, plant and equipment (note A)	**(7,229)**	(2,489)
Proceeds from disposal of property, plant and equipment	**1,002**	1,213
Net cash used in investing activities	**(10,465)**	(4,533)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016 $'000	2015 $'000 (Restated)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**–**	6,427
Fixed deposits pledged to bank	**(191)**	303
Drawndown of bank borrowings	**2,547**	269
Due to related parties (non-trade)	**–**	(2)
Repayment of bank borrowings	**(1,486)**	(2,575)
Repayment of finance lease	**(725)**	(537)
Dividend paid	**(1,644)**	(1,176)
Capital contributed by non-controlling interest	**7**	–
Purchase of treasury shares	**(1,966)**	–
Acquisition of non-controlling interest	**–**	(223)
Net cash (used in)/generated from financing activities	**(3,458)**	2,486
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	**32,359**	30,675

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	$'000	$'000
Cash in hand and at bank (note 18)	**16,111**	20,632
Fixed deposits (note 18)	**18,037**	11,641
	34,148	32,273
Less: Fixed deposits pledged (note 18)	**(1,789)**	(1,598)
	32,359	30,675

Note A

The Group acquired property, plant and equipment with an aggregate cost of $9,068,000 (2015: $2,764,000) and an increase in other payables of $39,000 (2015: $Nil). The addition were by way of cash payments of $7,229,000 (2015: $2,489,000) and finance lease of $1,800,000 (2015: $275,000).

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

ISOTeam Ltd. (the "Company") (Co. Reg. No. 201230294M) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

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 14.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) except where otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of 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 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. 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 2(bb) to the financial statements.

The carrying amounts of cash and bank balances, trade and other receivables and current payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

During the financial year, 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 current financial year. The adoption of these new and revised FRS and INT FRS has no any material effect on the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 30 June 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except for the adoption of the following new FRS which are relevant to the Group:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 Leases

FRS 116 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items.

The lease liability is initially measured as the present value of future lease payments (include fixed, non-cancellable payments for lease elements and certain types of contingent payments etc), with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred. In subsequent periods, the lease liability is accounted for similarly to a financial liability using the effective interest method. The right-of-use asset is accounted for similarly to a purchased asset and depreciated or amortised.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies are consolidated from the date of acquisition, being the date which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent 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 are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(d). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value recognised in profit or loss.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Order book

The order book is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using percentage of the actual realisation of order book over the expected order book, not exceeding 2 years.

Brand

The brand, acquired in business combination, is amortised on a straight line basis over its finite useful life of 10 years.

Licenses

The licenses, acquired in business combination, are amortised on a straight line basis over its finite useful lives between 9 months to 29 months.

Service agreement

The service agreement, acquired in business combination, is amortised on a straight line basis over its finite useful life of 3 years.

Favourable contract

The favourable contract, acquired in business combination, is amortised on a straight line basis over its finite useful life of 10 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) 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 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.

f) Property, plant and equipment

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 – 6
Motor vehicles	10
Gondolas and machineries	3 – 10
Computers	3
Leasehold properties	6 – 55

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) 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 or by reference to surveys of work performed.

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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) 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 and held-to-maturity investments.

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" and "cash and bank balances" on the statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are 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 assets 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Financial assets (cont'd)

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.

i) Impairment of non-financial assets excluding goodwill

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Impairment of non-financial assets excluding goodwill (cont'd)

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.

j) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave), bank borrowings and finance lease liabilities. Financial liabilities are recognised on the statement 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) Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in other reserves. Voting rights related to treasury shares are nullified for the Group and no dividend is allocated to them respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Merger reserve

Entities under common control acquired during the restructuring exercise in 2013 are accounted for by applying the pooling of interest method. 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.

o) 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) as set out in note 2(g).

Service income is recognised upon the performance of the services.

Revenue from sale of goods is recognised when the Company has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the rights to receive the payment is established.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

p) Government grants

Government grants are recognised at their fair value when 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 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.

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

s) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) 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.

u) 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.

v) 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

w) 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 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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

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.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

y) Cash and cash equivalents

For the purposes of presentation in the statement 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.

z) Related parties

Related parties refer to companies which are controlled by the Group's key management personnel and a major corporate shareholder.

aa) 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.

bb) 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.

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 30(a) to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

bb) Key source of estimation uncertainty (cont'd)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the property, plant and equipment, goodwill and intangible assets are disclosed in notes 10, 11 and 12 respectively.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the 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 or by reference to survey of work performed.

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 15 to the 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. The accounting policy and carrying amount for property, plant and equipment at 30 June 2016 are disclosed in note 2(f) and note 10 respectively.

3 REVENUE

	Group 2016 $'000	Group 2015 $'000
Revenue from contracts	**90,439**	79,383
Revenue from other services	**3,635**	2,069
Sale of goods	**75**	200
	94,149	81,652

4 OTHER INCOME

	Group 2016 $'000	Group 2015 $'000
Government grants	**522**	484
Gain on disposal of property, plant and equipment	**520**	179
Interest income	**336**	53
Rental income	**37**	25
Others	**511**	206
	1,926	947

5 FINANCE COSTS

	Group 2016 $'000	Group 2015 $'000
Interest expense:		
– finance lease	**95**	70
– factoring loan	**27**	47
– term loan	**97**	27
– others	**85**	4
Bank charges	**32**	25
Factoring charges	**47**	79
	383	252

6 PROFIT BEFORE TAX

	Group 2016 $'000	Group 2015 $'000
This is arrived at after charging:		
Allowance for doubtful receivables (note 17)	**2**	75
Amortisation of intangible asset (note 12)	**1,498**	193
Audit fee paid/payable to auditor of the Company	**214**	205
Bad debts written off (note 17)	**25**	3
Depreciation of property, plant and equipment (note 10)	**2,107**	2,502
Goodwill written off (note 11)	**–**	578
Personnel expenses (note 7)	**25,548**	18,269
Property, plant and equipment written off	**2**	24
Rental expense	**414**	405

7 PERSONNEL EXPENSES

	Group 2016 $'000	Group 2015 $'000
Directors of the Company:		
– Salaries and bonus	**1,780**	1,708
– CPF	**33**	44
– Fees	**141**	134
– Other short-term benefits	**108**	108
Directors of the subsidiaries:		
– Salaries and bonus	**985**	490
– CPF	**82**	62
– Fees	**163**	271
– Other short-term benefits	**83**	92
Key management personnel (non-directors):		
– Salaries and bonus	**391**	262
– CPF	**36**	34
– Other short-term benefits	**13**	8
Staff costs:		
– Salaries and bonus	**14,583**	10,439
– CPF	**731**	603
– Other short-term benefits	**6,419**	4,014
	25,548	18,269

8 TAX EXPENSE

	Group	
	2016	**2015**
	$'000	**$'000**
Tax expense attributable to profits is made up of:		
Income tax:		
– Current year	**705**	1,473
– Under provision in prior years	**189**	102
Deferred tax:		
– Current year	**(213)**	(180)
– Under provision in prior years	**28**	18
	709	1,413

The income tax expense on the results of the financial year 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:

	$'000	**$'000**
Profit before tax	**10,291**	9,519
Tax calculated at a tax rate of 17%	**1,749**	1,618
Singapore statutory stepped income exemption	**(141)**	(116)
Expenses not deductible for tax purposes	**445**	391
Income not subject to tax	**(86)**	(89)
Utilisation of prior year unrecognised deferred tax assets	**(4)**	(11)
Under provision of taxation in prior years	**217**	120
Deferred tax assets not recognised for the year	**184**	201
Effect of tax incentives	**(1,575)**	(737)
Others	**(80)**	36
	709	1,413

At the reporting date, the Group has unutilised tax losses of approximately $3,543,000 (2015: $2,430,000) and unabsorbed capital allowances of approximately $841,000 (2015: $336,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. Deferred tax assets have been recognised in respect of $344,000 (2015: $Nil) and $798,000 (2015: $Nil) of such losses and capital allowances respectively. No deferred tax asset has been recognised in respect of the remaining $3,199,000 (2015: $2,430,000) and $43,000 (2015: $336,000) of such losses and capital allowances as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

9 EARNINGS PER SHARE

The following reflects the profit attributable to the equity holders of the Company used in the earnings per share computation:

	Group	
	2016 $'000	2015 $'000 (Restated)
Profit attributable to equity holders of the Company	**9,227**	8,124
Weighted average number of ordinary shares	**285,747**	251,798
Earnings per share (cents) – Basic and diluted	**3.23**	3.23

Number of weighted average number of ordinary shares for 2015 was restated for the effects of the bonus share issued in 2016.

The basic and diluted earnings per share are the same as the Group does not have any potentially dilutive instruments for the relevant periods.

10 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
Group									
2016									
Cost									
At 1.7.2015	17	851	215	384	4,876	7,548	591	3,810	18,292
Additions	25	106	69	68	1,090	4,087	364	3,259	9,068
Disposals	(1)	–	–	(4)	(636)	(839)	–	–	(1,480)
Acquisition of a subsidiary	3	–	13	53	222	20	180	–	491
Written off	(3)	–	(8)	(12)	(6)	(16)	(111)	–	(156)
At 30.6.2016	**41**	**957**	**289**	**489**	**5,546**	**10,800**	**1,024**	**7,069**	**26,215**
Accumulated depreciation									
At 1.7.2015	6	605	93	232	2,052	4,901	270	412	8,571
Depreciation charge	5	75	42	60	476	706	175	568	2,107
Disposals	–	–	–	(3)	(408)	(587)	–	–	(998)
Acquisition of a subsidiary	3	–	11	25	48	16	157	–	260
Written off	(3)	–	(8)	(12)	(6)	(16)	(109)	–	(154)
At 30.6.2016	**11**	**680**	**138**	**302**	**2,162**	**5,020**	**493**	**980**	**9,786**
Net carrying value									
At 30.6.2016	**30**	**277**	**151**	**187**	**3,384**	**5,780**	**531**	**6,089**	**16,429**

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
2015									
Cost									
At 1.7.2014	14	684	109	325	1,987	2,637	218	2,879	8,853
Additions	3	167	68	65	1,118	801	284	258	2,764
Disposals	–	–	–	(15)	(282)	(459)	(23)	(820)	(1,599)
Acquisition of subsidiaries	21	105	87	9	2,143	4,599	112	1,493	8,569
Written off	(21)	(105)	(49)	–	(90)	(30)	–	–	(295)
At 30.6.2015	17	851	215	384	4,876	7,548	591	3,810	18,292
Accumulated depreciation									
At 1.7.2015	3	577	36	199	1,104	1,393	106	324	3,742
Depreciation charge	3	28	24	43	266	1,966	81	91	2,502
Disposals	–	–	–	(12)	(182)	(331)	(22)	(18)	(565)
Acquisition of subsidiaries	21	103	68	2	954	1,895	105	15	3,163
Written off	(21)	(103)	(35)	–	(90)	(22)	–	–	(271)
At 30.6.2015	6	605	93	232	2,052	4,901	270	412	8,571
Net carrying value									
At 30.6.2015	11	246	122	152	2,824	2,647	321	3,398	9,721

The carrying amount of property, plant and equipment acquired under finance lease arrangement are as follows:

	Group 2016 $'000	Group 2015 $'000
Motor vehicles	**1,743**	1,476
Gondolas and machineries	**1,617**	638
Office equipment and fittings	**–**	22
Site equipment and fittings	**2**	5
	3,362	2,141

The leasehold properties with carrying amount of $6,089,000 (2015:$ 3,398,000) are mortgaged to a bank to secure banking facilities of the Group (note 21).

11 GOODWILL

	Group 2016 $'000	Group 2015 $'000
Cost		
At 1 July	**3,061**	–
Acquisition of subsidiaries (note 14)	**175**	3,061
	3,236	3,061
Accumulated impairment losses		
At 1 July	**578**	–
Impairment for the year	**–**	578
	578	578
Net carrying value	**2,658**	2,483

Impairment testing of goodwill

Goodwill arising from the acquisition of the subsidiaries relate to 5 cash-generating units ("CGUs") as follows:

- Repair & redecoration
- Coatings & paintings
- Landscaping works
- Leasing services
- Commercial interior designs

These CGUs are reported under "repair & redecoration", "coatings & paintings" and "others" in the operating segments. The carrying amount of goodwill allocated to each CGU are as follows:

	Group 2016 $'000	Group 2015 $'000
Cash Generating Unit		
Repair & redecoration	**844**	844
Coatings & paintings	**539**	539
Landscaping works	**279**	279
Leasing services	**821**	821
Commercial interior designs	**175**	–
	2,658	2,483

11 GOODWILL (CONT'D)

The recoverable amounts for the above CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are forecasted to be constant at the level of cash flows in year five. The rates do not exceeds the average long-term growth rate for the relevant markets. The pre-tax discount rate applied to the cash flow projections are as follows:

	Repair & redecoration/ Coating & paintings/ Landscaping works/ Leasing services/ Commercial interior designs	
	2016	2015
Pre-tax discount rates	**8.85% – 11.58%**	10.33%

The calculations of value in use for the above CGU are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on the past trend and are expected to be consistent over the budget period. The forecast prepared were based on the past performance, current market and economic condition as at the time of preparation and reporting date;

Budgeted revenue – Revenue is computed based on secured order book and potential contracts; and

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the financial structure of the Group, the industry environment and the economic conditions within which the Group operates and derived from its weighted average cost of capital (WACC) which takes into account both debt and cost of equity. The cost of debt is based on the average Singapore's bank prime lending rate. The cost of equity is derived from the minimum acceptable return on investment required by shareholders. The risk factors are considered in the computation of beta.

An impairment loss of $Nil (2015: $578,000) was recognised to the coatings & paintings CGU to write down the carrying amount of goodwill to its recoverable amount. The impairment loss has been recognised in profit or loss under the line item "Other operating expenses".

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the repair & redecoration, coatings & paintings, landscaping works and commercial interior design segments, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed its recoverable amounts.

For the leasing services segment, the estimated recoverable exceeds its carrying amount by approximately $730,000 as at 30 June 2016. A decrease in the yearly budgeted gross margin by 3% would result in the recoverable amount of the leasing services segment CGU being equal to its carrying amount.

12 INTANGIBLE ASSETS

	Order books $'000	Brand $'000	Licenses $'000	Service agreement $'000	Total $'000
Group					
Non-current assets					
Cost					
At 1 July 2014	–	–	–	–	–
Acquisition of subsidiaries	2,317	–	–	–	2,317
At 30 June 2015 and 1 July 2015	2,317	–	–	–	2,317
Acquisition of a subsidiary	–	1,362	43	97	1,502
At 30 June 2016	**2,317**	**1,362**	**43**	**97**	**3,819**
Accumulated amortisation					
At 1 July 2014	–	–	–	–	–
Amortisation	193	–	–	–	193
At 30 June 2015 and 1 July 2015	193	–	–	–	193
Amortisation	1,288	68	11	16	1,383
At 30 June 2016	**1,481**	**68**	**11**	**16**	**1,576**
Net carrying amount					
At 30 June 2015	2,124	–	–	–	2,124
At 30 June 2016	**836**	**1,294**	**32**	**81**	**2,243**

	Favourable contract $'000
Group	
Current assets	
Cost	
Acquisition of a subsidiary and balance at end of the year	192
Accumulated amortisation	
Amortisation	(115)
Net carrying value	77

Order books relate to an order or production backlog arises from contracts acquired during business combination.

Brand relates to brand name that was acquired in business combination.

Licenses relate to registered contractors work heads licenses, builders license and ISO certification that were acquired in business combination.

Service agreement relates to appointment of previous owner of acquired company as Director of the Company.

Favourable contract relates to cost savings between committed lease payments and market rent that was acquired in business combination.

The amortisation expense is charged to profit or loss and included in "Other operating expenses".

13 OTHER INVESTMENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current				
Held-to-maturity investment				
– Structured deposit with a financial institution	**400**	400	**–**	–
– 4.60% p.a. SGD corporate bond due 19 January 2021 (unquoted)	**1,077**	–	**–**	–
	1,477	400	**–**	–
Current				
Held-to-maturity investment				
– 7% p.a. SGD corporate bond due 27 April 2017 (quoted)	**984**	–	**–**	–

The structured deposit is denominated in Singapore dollars and matures 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 structured deposit was pledged to a bank as collateral for the bank borrowings.

The structured deposit has a fair value at the reporting date amounting to $398,000 (2015: $397,000). The fair value was determined based on the discounted cash flow using effective interest rate for structured deposit of 1.02% per annum as at the reporting date.

The quoted and unquoted bonds have fair values at the reporting date amounting to $956,000 (2015: $Nil) and $1,071,000 (2015: $Nil) respectively. The fair values are determined based on indicative mid market price as at the reporting date, which is classified in Level 2 of the fair value hierarchy.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2016 $'000	2015 $'000
Unquoted equity shares, at cost		
Balance at beginning of financial year	**26,136**	13,750
Capitalisation of debts owing by a subsidiary	**100**	–
Acquisition during financial year	**3,949**	12,386
	30,185	26,136
Less: Allowance for impairment in value	**(2,581)**	(2,090)
	27,604	24,046

Movement in allowance for impairment in value are as follows:

	Company	
	2016 $'000	2015 $'000
Balance at beginning of financial year	**2,090**	–
Allowance made	**491**	2,090
Balance at end of financial year	**2,581**	2,090

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) The details of the subsidiaries are as follows:

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2016 %	Group's equity interest held 2015 %
Held by the Company			
ISO-Team Corporation Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	**100**	100
Raymond Construction Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	**100**	100
TMS Alliances Pte. Ltd.* (Singapore)	Provision of Repair and Redecoration services	**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
ISO-Seal Waterproofing Pte. Ltd.* (Singapore)	Provision of reroofing and waterproofing services	**100**	100
Zara@ISOTeam Pte. Ltd.* (Singapore)	Provision of interior design and space planning services	**51**	51
Industrial Contracts Marketing (2001) Pte Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	**100**	100
ISOTeam C&P Pte. Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	**100**	100
ISO-Landscape Pte. Ltd. * (Singapore)	Provision of landscape care and maintenance service activities	**100**	100
ISOTeam Access Pte. Ltd. * (Singapore)	Leasing of boom lift and related machineries	**100**	100
ISOTeam TMG Pte. Ltd.*	Provision of Addition and Alteration services and commercial interior designs	**100**	–
Held by TMS Alliances Pte. Ltd.			
ISOTeam TMS (Myanmar) Limited#	Provision of Repair and Redecoration services	**90**	–

* Audited by Baker Tilly TFW LLP, Singapore
\# Not required to be audited under the law of the country of incorporation.

(ii) Incorporation of subsidiary

During the financial year, the Company through its wholly-owned subsidiary, TMS Alliances Pte. Ltd., incorporated a subsidiary known as ISOTeam TMS (Myanmar) Limited with a registered capital of $67,334.

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Acquisition of subsidiaries

2016

On 11 January 2016 (the "Acquisition Date"), the Company acquired the 100% equity interests of ISOTeam TMG Pte. Ltd. (formerly known as TMG Projects Pte. Ltd.) to enhance its skillset in high value commercial interior designs and to expect the synergy value arising from the acquisition. The purchase price allocation exercise was completed during the financial year ended 30 June 2016.

(a) The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	231
Due from customers for contract work-in-progress	358
Intangible assets	1,694
Trade and other receivables	7,396
Cash and bank balances	229
	9,908
Trade and other payables	(3,383)
Bank overdraft	(115)
Bank borrowings	(2,187)
Finance lease liabilities	(73)
Deferred tax liabilities	(373)
Tax payables	(3)
	(6,134)
Total identifiable net assets at fair value	3,774
Goodwill arising from acquisition	175
	3,949
Consideration transferred for the acquisition	
Cash paid	2,400
Treasury shares transferred (2,539,683 ordinary shares of the Company) (note 23(b))	1,549
Total consideration transferred	3,949
Effect of the acquisition of the subsidiary on cash flows	
Total consideration for equity interest acquired	3,949
Less: non-cash consideration	(1,549)
Consideration settled in cash	2,400
Less: cash and bank balances of the subsidiary acquired	(229)
Net cash outflows on acquisition	2,171

Treasury shares transferred as part of consideration transferred

In connection with the acquisition of the subsidiary, the Company transferred 2,539,683 treasury shares with a fair value of $0.61 per share, based on the market price of the ordinary shares at the Acquisition Date.

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Acquisition of subsidiaries (cont'd)

2015

On 6 January 2015 (the "Acquisition Date"), the Company acquired the 100% equity interests of ISOTeam Access Pte Ltd (previously known as Accom International Pte Ltd), ISOTeam C&P Pte Ltd (previously known as Accom Pte Ltd), ISO-Landscape Pte Ltd (previously known as Rong Shun Landscape & Construction Pte Ltd) and 94.08% equity interest of Industrial Contracts Marketing (2001) Pte Ltd ("ICM").

The Group acquired the four new subsidiaries to expand its new niche markets such as landscaping, specialist costings, private sector new-build painting and access provision equipment & services and to expect the synergy value arising from the acquisition.

(a) The fair value of the identifiable assets and liabilities of the subsidiaries acquired as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	5,406
Due from customers for contract work-in-progress	435
Intangible assets	2,317
Trade and other receivables	5,831
Inventories	29
Cash and bank balances	1,582
	15,600
Due to customers for contract work-in-progress	(689)
Trade and other payables	(2,716)
Bank overdraft	(283)
Bank borrowings	(793)
Finance lease liabilities	(1,034)
Deferred tax liabilities	(754)
Tax payables	(91)
	(6,360)
Total identifiable net assets at fair value	9,240
Non-controlling interests	(138)
Goodwill arising from acquisition	3,061
	12,163
<u>Consideration transferred for the acquisition</u>	
Cash paid	4,839
Equity instruments issued (13,537,464 ordinary shares of the Company) (note 23(a))	7,324
Total consideration transferred	12,163
<u>Effect of the acquisition of subsidiaries on cash flows</u>	
Total consideration for equity interest acquired	12,163
Less: non-cash consideration	(7,324)
Consideration settled in cash	4,839
Less: cash and bank balances of subsidiaries acquired	(1,582)
Net cash outflows on acquisition	3,257

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Acquisition of subsidiaries (cont'd)

(a) The fair value of the identifiable assets and liabilities of the subsidiaries acquired as at the acquisition date were: (cont'd)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of subsidiaries in 2015, the Company issued 13,537,464 ordinary shares with a fair value of $0.541 per share, based on the market price of the ordinary shares at the Acquisition Date.

The attributable cost for the issuance of the shares amounting to $193,000 have been recognised directly in equity as a deduction from share capital.

(b) Transaction costs

Transaction costs related to the acquisition of $37,000 (2015: $48,000) have been recognised in the "general and administrative expenses" in the Group's profit or loss for the year ended 30 June 2016.

(c) Goodwill arising from acquisition

The goodwill of $175,000 (2015: $3,061,000) comprises the value of strengthening the Group's market position in new niche market and high value commercial interior designs.

(d) Impact of the acquisition on profit or loss

From the respective year's Acquisition Date, the subsidiary/subsidiaries contributed $8,264,000 (2015: $6,006,000) of revenue and profit of $78,000 (2015: loss of $845,000) to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group revenue would have been $103,001,000 (2015: $89,307,000) and the profit, net of tax would have been $8,911,000 (2015: $7,747,000).

(e) Provisional accounting for the acquisition of subsidiaries

Acquisition of subsidiaries in 2015

The order book has been identified as an intangible asset arising from the acquisition. The Group has engaged an independent valuer to determine the fair value of the intangible asset. As at 30 June 2015, the fair value of the order book amounting to $2,317,000 was determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorised for issue. Goodwill arising from this acquisition and the carrying amounts of the order book, deferred tax liability and amortisation of the intangible asset will be adjusted accordingly on a retrospective basis when the valuation of the intangible asset is finalised. The independent valuation has been finalised in 2016 and no adjustment is required based on the finalised independent valuation.

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Acquisition of ownership interest in subsidiary, without loss of control

In 2015, the Company acquired an additional 5.92% equity interest in ICM from its non-controlling interest for a cash consideration of $223,000. As a result of this acquisition, ICM became a wholly-owned subsidiary of the Group. The carrying value of the net assets of ICM at 4 May 2015 was $1,952,000 and the carrying value of the additional interest acquired was $116,000.

The difference of $107,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interest" within equity.

The following summarises the effect of the change in the Group's ownership interest in ICM on the equity attributable to equity holders of the Company:

	$'000
Consideration paid for acquisition of non-controlling interest	223
Decrease in equity attribution to non-controlling interest	(116)
Decrease in equity attribution to equity holders of the Company	107

(v) The management does not consider the subsidiaries' non-controlling interests to be material to the Group. Accordingly, the summarised financial information of the subsidiaries are not being disclosed.

(vi) Impairment testing of investment in subsidiaries

Management performed impairment tests for its investment in subsidiaries.

An impairment loss of $491,000 on the investment in the subsidiaries has been recognised for the financial year ended 30 June 2016 (2015: $2,090,000). The estimates of the recoverable amount of investment has been determined by management based on recoverable amount determined based on its fair value less cost to sell. The fair value less cost to sell is determined based on adjusted net assets value of the subsidiary which is determined by taking into account the fair values of underlying assets and liabilities of the subsidiary. This fair value measurement is categorised as a Level 3 fair value in the fair value hierarchy based on the inputs in the valuation technique used.

15 DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group		Company	
	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000
Aggregate costs incurred to-date	**70,983**	40,630	**–**	–
Attributable profits recognised to-date	**16,772**	10,726	**–**	–
	87,755	51,356	**–**	–
Less: Progress billings	**(79,340)**	(44,657)	**–**	–
	8,415	6,699	**–**	–
Presented as:				
Due from customers for contract work-in-progress	**17,053**	12,081	**–**	–
Due to customers for contract work-in-progress	**(8,638)**	(5,382)	**–**	–
	8,415	6,699	**–**	–

16 INVENTORIES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trading stocks	**180**	158	**–**	–
Inventories directly written off to profit or loss	**–**	3	**–**	–

In 2016, inventories included as cost of sales and cost of contracts amounted to $246,000 (2015: $295,000).

17 TRADE AND OTHER RECEIVABLES

	Group 2016 $'000	Group 2015 $'000 (Restated)	Company 2016 $'000	Company 2015 $'000
Trade receivables:				
– third parties	**14,405**	13,442	**–**	–
Less: Allowance for doubtful debts	**(143)**	(212)	**–**	–
	14,262	13,230	**–**	–
– related parties	**1**	62	**–**	–
	14,263	13,292	**–**	–
Retention sums on contracts:				
– third parties	**2,662**	1,295	**–**	–
– related parties	**8**	8	**–**	–
GST receivables	**3**	–	**–**	–
Sundry deposits	**1,133**	986	**–**	–
Prepayment	**660**	465	**8**	9
Sundry receivables:			**–**	
– third parties	**376**	471	**–**	57
– subsidiaries	**–**	–	**4,678**	2,475
	19,105	16,517	**4,686**	2,541

Movements in allowance for doubtful debts during the financial year are as follows:

	Group 2016 $'000	Group 2015 $'000 (Restated)	Company 2016 $'000	Company 2015 $'000
At 1 July	**212**	46	**–**	–
Acquisition of subsidiaries	**–**	91	**–**	–
Allowance made (note 6)	**2**	75	**–**	–
Written off against allowance	**(71)**	–	**–**	–
Write back	**–**	–	**–**	–
At 30 June	**143**	212	**–**	–
Bad debts directly written off to profit or loss (note 6)	**25**	3	**–**	–

The sundry receivables due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

As at reporting date, the total gross trade receivables amounted to $4,080,000 (2015: $3,881,000) were factored out to banks with recourse. The Group does not derecognise the assets until the recourse period has expired and the risk and rewards of these receivables have been fully transferred.

18 CASH AND BANK BALANCES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash in hand and at bank	**16,111**	20,632	**5,147**	5,651
Fixed deposits	**18,037**	11,641	**2,011**	3,016
	34,148	32,273	**7,158**	8,667

Fixed deposits were placed with the reputable financial institutions and matured within 1 to 10 months (2015: 2 to 13 months) from the reporting date. The effective interest rates ranged from 0.10% to 1.70% (2015: 0.10% to 1.65%) per annum.

Fixed deposits include an amount of $1,789,000 (2015: $1,598,000) which have been pledged to banks as collateral for bank borrowings (note 21).

Cash at bank includes an amount of $3,094,000 (2015: $1,090,000) which have been charged to bank as collateral for bank borrowings (note 21). However, the Group is not being restricted in its use of the cash charged.

19 FINANCE LEASE LIABILITIES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group				
Within 1 financial year	**898**	586	**792**	519
Within 2 to 5 financial years	**1,814**	855	**1,676**	758
After 5 financial years	**58**	109	**57**	101
Total minimum lease payments	**2,770**	1,550	**2,525**	1,378
Less: future finance charges	**(245)**	(172)	**–**	–
	2,525	1,378	**2,525**	1,378
Representing finance lease liabilities:				
– Current	**792**	519		
– Non-current	**1,733**	859		
	2,525	1,378		

The finance leases bear effective rates of interest between 2.56% to 7.69% (2015: 2.28% to 7.48%) per annum.

Certain Directors of the Company have provided personal guarantees for finance lease liabilities amounting to $82,000 (2015: $111,000).

20 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 July	**681**	89		–
Acquisition of subsidiaries	**373**	754		–
Tax charged to profit or loss	**(185)**	(162)		–
At 30 June	**869**	681		–

Deferred tax liabilities as at 30 June relates to the following:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	**678**	300	**–**	–
Fair value adjustments	**420**	381	**–**	–
	1,098	681	**–**	–
Deferred tax assets				
Unabsorbed capital allowances and unutilised tax losses	**(194)**	–	**–**	–
Others	**(35)**	–	**–**	–
	(229)	–	**–**	–

21 BANK BORROWINGS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current liabilities				
Loan I	**613**	569	**–**	–
Loan II	**1,549**	–	**–**	–
	2,162	569	**–**	–
Current liabilities				
Factoring loan	**228**	1,476	**–**	–
Trust receipts	**1,436**	–	**–**	–
Loan I	**33**	32	**–**	–
Loan II	**484**	–	**–**	–
Loan III	**741**	852	**–**	–
Loan IV	**1,209**	–	**1,209**	–
	4,131	2,360	**1,209**	–

Factoring loan and trust receipts

Factoring loan and trust receipts are secured by corporate guarantee from the Company, first fixed charge over receivable arising from invoice financed directly or indirectly over the account in which the receivables are deposited and charges over fixed deposits. The interest rate for these facilities range from 4.75% to 6.80% (2015: 5.50% to 6.25%).

21 BANK BORROWINGS (CONT'D)

Loan I

With effect from 7 October 2015, Loan I is bearing interest at:
1st year: prevailing Enterprise Financing Rate ("EFR") less 3.6%
2nd year: EFR less 3.3%
3rd year: EFR less 2.5%
4th year and thereafter: prevailing EFR

Loan I is secured by a first mortgage legal mortgage over the Group's leasehold property (note 10) and corporate guarantee from the Company. The loan is repayable in 240 monthly installments commencing Nov 2013.

Loan II

Loan II is bearing interest at:
1st-2nd periods: fixed at 1.78%
3rd periods: EFR less 2.75%
4th periods and thereafter: prevailing 3 month SIBOR plus 3.00%

Loan II is secured by legal mortgage over Group's leasehold properties (note 10) and corporate guarantee from a subsidiary and the Company, and charge on fixed deposit. The loan is repayable in 60 monthly installments commencing July 2015.

Loan III

Loan III 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%

Loan III is secured by a legal mortgage over Group's leasehold property (note 10), corporate guarantee from the Company, charge of fixed deposits and cash in current account.

The term loan is callable term loan and therefore the term loan is classified under current liabilities. The loan is repayable in 120 monthly installments commencing June 2012.

Loan IV

The revolving loan is secured by a corporate guarantee by a subsidiary and is repayable on demand. Interest is charged at 2.5% per annum above bank's cost of fund. During the financial year, the interest rate ranged from 4.30% to 4.40% per annum.

22 TRADE AND OTHER PAYABLES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade payables:				
– third parties	**13,072**	9,284	**8**	10
– related parties	**563**	1,570	**–**	–
GST payables	**667**	801	**29**	20
Retention payables:				
– third parties	**2,832**	2,422	**–**	–
– related parties	**393**	275	**–**	–
Other payables:				
– third parties	**828**	267	**–**	–
– subsidiaries (non-trade)	**–**	–	**2,401**	2,062
Accrued operating expenses	**3,055**	2,840	**977**	922
	21,410	17,459	**3,415**	3,014

The non-trade other payables due to related parties and subsidiaries are unsecured, interest-free and payable on demand.

23 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	2016 Number of issued shares '000	2016 Issued share capital $'000	2015 Number of issued shares '000	2015 Issued share capital $'000
Group				
At 1 July	**142,933**	**29,618**	117,596	15,867
Issuance of ordinary shares	**–**	**–**	11,800	6,620
Issuance of shares pursuant to the acquisition of subsidiaries (note 14)	**–**	**–**	13,537	7,324
Bonus shares issued during the year	**142,933**	**–**	–	–
Share issue expenses	**–**	**–**	–	(193)
At 30 June	**285,866**	**29,618**	142,933	29,618
Company				
At 1 July	**142,933**	**29,618**	117,596	15,867
Issuance of ordinary shares	**–**	**–**	11,800	6,620
Issuance of shares pursuant to the acquisition of subsidiaries (note 14)	**–**	**–**	13,537	7,324
Bonus shares issued during the year	**142,933**	**–**	–	–
Share issue expenses	**–**	**–**	–	(193)
At 30 June	**285,866**	**29,618**	142,933	29,618

23 SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(a) Share capital (cont'd)

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares (except treasury 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.

On 6 January 2015, 13,537,464 ordinary shares of no par value were issued at the market price of $0.541 each and used as part of the purchase consideration for the acquisition of subsidiaries (note 14).

On 2 January 2015, the Company issued 2,800,000 ordinary shares of $0.50 per share for cash to provide fund for the expansion of the Group's operations.

On 15 June 2015, the Company issued 9,000,000 ordinary shares of $0.58 per share for cash to provide fund for the expansion of the Group's operations.

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 share. The bonus shares are issued as fully paid at nil consideration to entitled shareholders, without capitalisation of the Company's reserves and rank pari passu in all respects with existing ordinary shares in the capital of the Company.

(b) Treasury shares

	Group and Company			
	2016		2015	
	Number of shares '000	$'000	Number of shares '000	$'000
At 1 July	**–**	**–**	–	–
Share buyback	**3,680**	**1,966**	–	–
Treasury shares reissued pursuant to the acquisition of a subsidiary (note 14)	**(2,540)**	**(1,549)**	–	–
Loss on reissuance of treasury shares transferred to other reserves	**–**	**(44)**	–	–
Bonus shares issued during the year	**60**	**–**	–	–
At 30 June	**1,200**	**373**	–	–

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 3,680,000 (2015: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,966,000 (2015: $Nil) and this was recorded as a component within shareholders' equity.

On 15 January 2016, 2,539,683 treasury shares were transferred as part consideration for acquisition of a subsidiary.

Subsequent to the aforementioned share buyback, bonus issue and transfer, the number of treasury shares is 1,200,000 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

24 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 July	**–**	–	**–**	–
Foreign currency translation	**1**	–	**–**	–
At 30 June	**1**	–	**–**	–

25 MERGER RESERVE

Merger reserve represents the differences between the consideration paid and the share capital of subsidiaries when entities under common control are accounted for applying the pooling of interest method.

26 CONTINGENT LIABILITIES

As at 30 June 2016, the Company has provided corporate guarantees of $25,252,000 (2015: $25,030,000) to banks for bank borrowings of $3,421,000 (2015: $2,328,000) taken by its subsidiaries.

Management has determined that the fair value of the financial guarantees provided by the Company is not material and is therefore not recognised in the Company's financial statements. No material losses under the guarantees are expected as management is of the requirements to reimburse are remote.

27 DIVIDEND

	Company	
	2016 $'000	2015 $'000
Dividend paid:		
Final exempt (one-tier) dividend of 1.15 cents (2014: 1.00 cents) per share paid in respect of current financial year	**1,644**	1,176

The Directors have proposed a final tax-exempt (one-tier) dividend of 0.75 cents per ordinary share amounting to $2.1 million based on 284,665,956 ordinary shares. These financial statements do not reflect this dividend payable which will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the year ending 30 June 2017.

28 RELATED PARTIES TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
With related parties				
Income				
Sales	**(317)**	(188)	**–**	–
Rental income	**–**	(5)	**–**	–
Administrative income	**–**	–	**–**	–
Expenses				
Purchases	**2,473**	2,156	**–**	–
Sub-contractors' cost	**1,989**	590	**–**	–
Testing fee	**214**	217	**–**	–
Sundry expenses	**–**	4	**–**	–
Others				
Payment on behalf	**331**	657	**–**	–
Receipts on behalf	**(4)**	(15)	**–**	–
With subsidiaries				
Financial assistance for purchase of property, plant and equipment	**–**	–	**549**	782
Payment on behalf	**–**	–	**502**	24
Receipts on behalf	**–**	–	**(410)**	(436)
Loan	**–**	–	**2,715**	1,390
Repayment of loan	**–**	–	**(1,015)**	(20)
Income				
Management fee	**–**	–	**(1,534)**	(1,451)
Dividend	**–**	–	**(6,000)**	(5,000)
Interest income	**–**	–	**(87)**	(26)
Expenses				
Recharge of expense	**–**	–	**1,872**	1,857

29 OPERATING LEASE COMMITMENTS

The Group leases various offices, motor vehicles, copiers, warehouses and staff's accommodation 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:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Not later than one year	**1,075**	1,045	**–**	–
Between two and five years	**331**	10	**–**	–
	1,406	1,055	**–**	–

Lease terms do not contain restrictions in the Group's activities concerning dividends, additional debt or further leasing.

30 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables				
Trade and other receivables	**18,445**	16,052	**4,678**	2,532
Cash and bank balances	**34,148**	32,273	**7,158**	8,667
	52,593	48,325	**11,836**	11,199
Held-to-maturity				
Structure deposits	**400**	400	**–**	–
Investment in bonds	**2,061**	–	**–**	–
	2,461	400	**–**	–
Financial liabilities				
Trade and other payables	**20,999**	17,148	**3,415**	3,014
Finance lease liabilities	**2,525**	1,378	**–**	–
Bank borrowings	**6,293**	2,929	**1,209**	–
At amortised cost	**29,817**	21,455	**4,624**	3,014

30 FINANCIAL INSTRUMENTS (CONT'D)

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 significant exposure to foreign currency risk as its transactions are mainly in Singapore dollars.

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 other investment (note 13), fixed deposits (note 18), 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 8 debtors (2015: 5 debtors) that represented approximately 57% (2015: 67%) of the trade receivables.

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by: the carrying amount of each class of financial assets recognised in the statements of financial position; and a nominal amount of $3,421,000 (2015: $2,328,000) relating to corporate guarantees provided by the Company to financial institutions in relation to certain subsidiaries' bank facilities.

30 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Investment in bonds that are neither past due nor impaired are issued by an institution which has high credit-rating assigned by an international credit-rating agency and another institution which is not rated.

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 bank balances 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.

The table below is an ageing analysis of trade receivables of the Group:

	Group		Company	
	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000
Not past due and not impaired	**10,612**	7,060	**–**	–
Past due but not impaired	**6,324**	7,535	**–**	–
Past due and impaired	**143**	212	**–**	–
	17,079	14,807	**–**	–

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Past due < 60 days	**3,814**	4,526	**–**	–
Past due 61 to 120 days	**882**	2,102	**–**	–
Past due over 121 days	**1,628**	907	**–**	–
				–
	6,324	7,535	**–**	–

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.

30 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

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.

	Repayable on demand or within 1 year $'000	Within 2 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
At 30 June 2016				
Trade and other payables	20,999	–	–	20,999
Finance lease liabilities	898	1,814	58	2,770
Bank borrowings	4,262	1,827	615	6,704
	26,159	**3,641**	**673**	**30,473**
At 30 June 2015				
Trade and other payables	17,148	–	–	17,148
Finance lease liabilities	586	855	109	1,550
Bank borrowings	3,044	–	–	3,044
	20,778	855	109	21,742
Company				
At 30 June 2016				
Trade and other payables	3,415	–	–	3,415
Financial guarantee contracts	3,421	–	–	3,421
	6,836	**–**	**–**	**6,836**
At 30 June 2015				
Trade and other payables	3,014	–	–	3,014
Financial guarantee contracts	2,328	–	–	2,328
	5,342	–	–	5,342

30 FINANCIAL INSTRUMENTS (CONT'D)

c) Fair values of financial assets and financial liabilities

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the current financial assets and liabilities recorded in the consolidated financial statements of the Group and the statement of financial position of the Company approximate their respective 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.

The carrying amounts of non-current bank borrowings, finance lease liabilities and structured deposits approximate their fair values as these financial instruments either bear interest rates which approximate either the market interest rates at the reporting date or are floating rate loans that are repriced to market interest rates on or near the end of the reporting period. These fair value measurement for disclosure purpose are categorised in Level 3 of the fair value hierarchy.

Assets measured at fair value

Fair value hierarchy

The Group and Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets not carried at fair value but fair values are disclosed

Level 2 fair value measurements

The held-to-maturity corporate bonds (quoted and unquoted) is classified as Level 2.

The fair value of the held-to-maturity corporate bonds are determined using quoted market prices in less active markets.

Level 3 Fair value measurements

The held-to-maturity structured deposit is classified as Level 3.

The fair value of the held-to-maturity structured deposit is computed based on the effective interest rate for structured deposit as at the reporting date.

There is no movement in Level 3 assets and liabilities measured at fair value during the year.

31 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 2015.

The Group are in compliance with all externally imposed capital requirements for financial years ended 30 June 2016 and 2015.

32 SEGMENT INFORMATION

The Group is organised into business units based on nature of the projects for management purposes. The reportable segments are revenue from Repair and Redecoration ("R&R"), Addition and Alteration ("A&A") and Coatings and Paintings ("C&P").

During the year, due to the expansion of the Group, the Group reorganised the business units for management purposes. The new reportable segment for the year is Coating and Painting ("C&P") which focuses on coating and painting. Accordingly, the comparatives for "others" segment have been restated to reclassify information to C&P segment.

R&R focuses mainly on non-structural construction, improvements and routine maintenance works.

A&A focuses mainly on structural works and infrastructure works.

C&P focuses mainly on coatings and paintings works.

Others segment focuses mainly on commercial interior design, home retrofitting, landscaping works, leasing services, waterproofing and green solutions.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

32 SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows:

	R&R		A&A		C&P		Others		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000 (Restated)	2016 $'000	2015 $'000
Segment revenue - external customer	**40,248**	54,467	**24,390**	17,403	**11,750**	3,550	**17,761**	6,232	**94,149**	81,652
Segment profits	**14,943**	16,109	**4,945**	2,496	**2,496**	485	**1,772**	1,063	**24,156**	20,153
Segment assets	**22,538**	23,955	**11,272**	9,262	**5,999**	4,056	**12,716**	3,516	**52,525**	40,789
Unallocated assets									**41,829**	34,968
Total assets									**94,354**	75,757
Segment liabilities	**7,757**	12,325	**3,552**	2,864	**930**	103	**7,444**	575	**19,683**	15,867
Unallocated liabilities									**20,759**	13,507
Total liabilities									**40,442**	29,374
Other segments items										
Capital expenditure property, plant and equipment									**9,068**	2,764
Depreciation of property, plant and equipment									**2,107**	2,502

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit before tax in the 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:

	2016 $'000	2015 $'000
Segment profits	**24,156**	20,153
Interest income	**336**	53
Unallocated corporate expenses and income	**(14,201)**	(10,687)
Profit before tax	**10,291**	9,519

32 SEGMENT INFORMATION (CONT'D)

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the 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, goodwill, intangible assets, other investments, other receivables 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 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, deferred tax liabilities and tax payables are classified as unallocated liabilities.

Information about major customers

Revenue from 2 (2015: 3) of the Group's major customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
	Attributable segments	2016 $'000	2015 $'000
Customer 1	R&R, A&A and Others	**19,485**	16,891
Customer 2	R&R	**9,551**	–
Customer 3	R&R	**–**	13,793
Customer 4	R&R and A&A	**–**	8,600
		29,036	39,284

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.

33 COMPARATIVE FIGURES

Certain reclassifications have been made to the previous year's financial statements to enhance comparability with the current year's presentation.

As a result, certain line items have been amended on the statement of financial position and consolidated statement of cash flows and the related notes to the financial statements for the previous financial year ended 30 June 2015.

The comparative figures have been restated as follows:

Group	As previously reported $'000	Reclassifications $'000	As restated $'000
Statement of Financial Position			
At 30 June 2015			
Due from customers for contract work-in-progress	2,534	9,547	12,081
Trade and other receivables	26,064	(9,547)	16,517
Consolidated Statement of Cash Flows			
For the financial year ended 30 June 2015			
Cash flows from operating activities			
Trade and other receivables	2,723	697	3,420
Contract work-in-progress	(789)	(697)	(1,486)

34 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors dated 28 September 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2016

SHARE CAPITAL

Issued and fully paid capital	– S$29,801,091	Class of shares	–	Ordinary shares
Total number of shares in issue (excluding treasury shares)	– 284,665,956	Voting rights	–	1 vote per share
Number of treasury shares	– 1,200,634			

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 32.08% of the issued ordinary shares of the Company were held in the hands of the public as at 21 September 2016 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	–	–	–	–
100 – 1,000	20	2.36	15,000	0.01
1,001 – 10,000	287	33.84	2,050,900	0.72
10,001 – 1,000,000	515	60.73	33,767,750	11.86
1,000,001 and above	26	3.07	248,832,306	87.41
TOTAL	848	100.00	284,665,956	100.00

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Shares Held	%*
1	ADD INVESTMENT HOLDING PTE. LTD.	79,954,406	28.09
2	CITIBANK NOMINEES SINGAPORE PTE LTD	51,800,932	18.20
3	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	15,896,556	5.58
4	CIMB SECURITIES (SINGAPORE) PTE LTD	12,761,504	4.48
5	RAFFLES NOMINEES (PTE) LTD	12,349,400	4.34
6	NG CHENG LIAN	7,682,000	2.70
7	KOH THONG HUAT	7,682,000	2.70
8	CHEN TIN LEOW	7,300,572	2.56
9	HSBC (SINGAPORE) NOMINEES PTE LTD	5,836,900	2.05
10	LIM CHIEW HOE	5,079,366	1.78
11	LIM KIM HOCK	3,812,000	1.34
12	OR THIAM HUAT	3,812,000	1.34
13	OCBC SECURITIES PRIVATE LIMITED	3,775,300	1.33
14	HONG LEONG FINANCE NOMINEES PTE LTD	3,688,000	1.30
15	TEOH KOK ANN	3,650,286	1.28
16	TING GUAK CHOO	3,600,000	1.26
17	WONG CHUN WENG	2,787,084	0.98
18	PHILLIP SECURITIES PTE LTD	2,424,400	0.85
19	MAYBANK KIM ENG SECURITIES PTE LTD	2,201,800	0.77
20	CHAN WENG CHIH MATTHEW (CHEN RONGZHI MATTHEW)	2,032,800	0.71
	TOTAL	238,127,306	83.64

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 21 September 2016 of 284,665,956 shares (excluding 1,200,634 treasury shares).

STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2016

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	Number of Shares	%	Number of Shares	%
ADD Investment Holding Pte. Ltd.[(1)(2)]	79,954,406	28.09	40,000,000	14.05
Ng Cheng Lian[(2)]	7,682,000	2.70	119,954,406	42.14
Koh Thong Huat[(2)]	7,682,000	2.70	119,954,406	42.14
Foo Joon Lye[(2)(3)]	–	–	127,636,406	44.84
Nippon Paint (Singapore) Company Private Limited[(4)]	15,896,556	5.58	–	–
Nippon Paint Holdings Co., Ltd.[(4)]			15,896,556	5.58
Nipsea International Limited[(4)]			15,896,556	5.58
Nipsea Holdings International Limited[(4)]			15,896,556	5.58
Wuthelam Holdings Limited[(4)]			15,896,556	5.58
Thurloe Ltd[(4)]			15,896,556	5.58
Rainbow Light Ltd[(4)]			15,896,556	5.58
Epimetheus Ltd[(4)]			15,896,556	5.58

Notes:

(1) ADD Investment Holding Pte. Ltd. is deemed to be interested in 40,000,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as its nominee.

(2) Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye hold the total issued share capital of ADD Investment Holding Pte. Ltd. in equal proportion. Each of them is therefore deemed to be interested in all the shares in the capital of the Company held by ADD Investment Holding Pte. Ltd. under Section 7 of the Companies Act, Cap. 50.

(3) Foo Joon Lye is deemed to be interested in 7,682,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as his nominee.

(4) Nippon Paint (Singapore) Company Private Limited is 51% owned by Nippon Paint Holdings Co., Ltd. and 49% owned by Nipsea Holdings International Limited. Nippon Paint Holdings Co., Ltd. is 39% owned by Nipsea International Limited. Nipsea International Limited is 100% owned by Nipsea Holdings International Limited which is 100% owned by Wuthelam Holdings Limited. Wuthelam Holdings Limited is 25% owned by Thurloe Ltd and 75% owned by Rainbow Light Ltd. Rainbow Light Ltd is 67% owned by a trust for which Epimetheus Ltd acts as trustee.

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of ISOTEAM LTD. (the "Company") will be held at Empress Ballroom 1, Level 2, Carlton Hotel, 76 Bras Basah Road, Singapore 189558, on Tuesday, 25 October 2016 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2016 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of a final (tax exempt one-tier) dividend of 0.75 cent per ordinary share for the financial year ended 30 June 2016. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$140,700 for the financial year ending 30 June 2017, to be paid quarterly in arrears. (2016: S$140,700). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Regulation 107 of the Company's Constitution:

   Mr Foo Joon Lye **(Resolution 4)**
   Ms Ng Kheng Choo (see explanatory note 1) **(Resolution 5)**

5. To re-appoint Baker Tilly TFW LLP as the auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 ("Companies Act") and Rule 806 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual ("Catalist Rules"), the Directors be authorised and empowered to: **(Resolution 7)**

   (a) (i) issue shares in the Company ("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 the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution 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 Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) (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 that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 2)

7. That pursuant to Section 161 of the Companies Act, the Directors be authorised to grant awards in accordance with the provisions of the ISOTeam Performance Share Plan ("ISOTeam PSP") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the awards granted under the ISOTeam PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ISOTeam PSP when added to the number of Shares issued and issuable in respect of all awards granted under the ISOTeam PSP, shall not exceed 15% of the total issued share capital of the Company from time to time. **(Resolution 8)**

(see explanatory note 3)

8. That: **(Resolution 9)**

(1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(2) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(3) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(4) in this Resolution:

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for the purposes of computing the 10% limit;

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five market days period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(5) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(see explanatory note 4)

9. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Lwin Lwin Aung
Company Secretaries

10 October 2016
Singapore

Explanatory Notes:

1. Ms Ng Kheng Choo will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

2. The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

3. The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the awards granted under the ISOTeam PSP up to a number not exceeding, in total, 15% of the total issued share capital of the Company from time to time.

4. The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date the AGM until the date of the next AGM is to be held or is required by law to be held, whichever is the earlier, to make purchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this notice.

Notes:

(i) (a) A shareholder of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his stead.

(b) A shareholder of the Company entitled to attend and vote at the AGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(ii) A proxy need not be a shareholder of the Company.

(iii) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231 not later than 48 hours before the time appointed for the holding of the AGM.

(iv) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(v) A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

Personal Data Privacy:

"**Personal data**" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

This notice 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 SGX-ST. The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

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ISOTEAM LTD.

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(REGISTRATION NUMBER 201230294M)

PROXY FORM

IMPORTANT

1. For investors who have used their SRS monies ("SRS Investors") to buy the Company's shares, this Annual Report 2016 is sent to them at the request of their SRS Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by SRS Investor and shall be ineffective for all intents and purposes it used or purported to be used by them.
3. SRS Investors may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the respective SRS Investors shall be precluded from attending the AGM.

I/We, ______________________________ (Name)

(NRIC/Passport Number ______________) of ______________________________

______________________________ (Address)

being a member/members of **ISOTEAM LTD**. (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at Empress Ballroom 1, Level 2, Carlton Hotel, 76 Bras Basah Road, Singapore 189558, on Tuesday, 25 October 2016 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
	Ordinary Business:		
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements together with the Independent Auditors' Report and		
2.	To approve the payment of a final dividend of 0.75 cent per ordinary share		
3.	To approve the payment of Directors' fees of $140,700 for the financial year ending 30 June 2017, to be paid quarterly in arrears		
4.	To re-elect Mr Foo Joon Lye as a Director		
5.	To re-elect Ms Ng Kheng Choo as a Director		
6.	To re-appoint Baker Tilly TFW LLP as the auditor and to authorise the Directors to fix their remuneration		
	Special Business:		
7.	To authorise the Directors to allot and issue shares and convertible securities		
8.	To authorise the Directors to grant awards and to allot and issue shares in accordance with the provisions of the ISOTeam Performance Share Plan		
9.	To approve the renewal of Share Buyback Mandate		

Dated this ______________ day of ______________ 2016

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A shareholder of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A shareholder of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a shareholder of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 10 October 2016.

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ISOTEAM LTD.
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