



ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2018

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

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

1(a)(i) Unaudited Consolidated Income Statement and Statement of Comprehensive Income for the Second Quarter ("2QFY2019) and Period Ended 31 December 2018 ("6MFY2019")

	Group				Group		
	Note	Three Months Ended		Change	Six Months Ended		Change
		31.12.18	31.12.17		31.12.18	31.12.17	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	\$'000	\$'000	%	
<b>Income Statement</b>							
Revenue		45,868	23,751	93.1	73,133	48,859	49.7
Cost of sales		(40,591)	(18,757)	116.4	(62,978)	(39,428)	59.7
Gross profit		5,277	4,994	5.7	10,155	9,431	7.7
Other income	(a)	203	459	(55.8)	400	973	(58.9)
Marketing and distribution expenses		(285)	(460)	(38.0)	(633)	(839)	(24.6)
General and administrative expenses		(3,085)	(3,337)	(7.6)	(6,820)	(6,028)	13.1
Finance costs		(294)	(207)	42.0	(531)	(371)	43.1
Other operating expenses		(106)	(132)	(19.7)	(216)	(222)	(2.7)
<b>Profit before tax</b>	(b)	<b>1,710</b>	<b>1,317</b>	29.8	<b>2,355</b>	<b>2,944</b>	(20.0)
Tax (expense)/credit		(443)	89	N/M	(607)	(122)	N/M
<b>Profit for the period</b>		<b>1,267</b>	<b>1,406</b>	(9.9)	<b>1,748</b>	<b>2,822</b>	(38.1)
<b>Profit attributable to:</b>							
Equity holders of the Company		1,331	1,888	(29.5)	2,127	3,398	(37.4)
Non-controlling interests		(64)	(482)	(86.7)	(379)	(576)	(34.2)
		<b>1,267</b>	<b>1,406</b>	(9.9)	<b>1,748</b>	<b>2,822</b>	(38.1)

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

	Group				Group			
	Note	Three Months Ended		Change	Six Months Ended		Change	
		31.12.18	31.12.17		31.12.18	31.12.17		
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	\$'000	\$'000	%	\$'000	\$'000	%		
<b>Statement of Comprehensive Income</b>								
Profit for the period		1,267	1,406	(9.9)	1,748	2,822	(38.1)	
<b>Other comprehensive income:</b>								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation gain/ (loss)		(2)	7	(128.6)	27	8	237.5	
<b>Other comprehensive income for the period, net of tax</b>		(2)	7	(128.6)	27	8	237.5	
<b>Total comprehensive income for the period</b>		1,265	1,413	(10.5)	1,775	2,830	(37.3)	
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Company		1,329	1,893	(29.8)	2,149	3,404	(36.9)	
Non-controlling interests		(64)	(480)	(86.7)	(374)	(574)	(34.8)	
		<b>1,265</b>	<b>1,413</b>	(10.5)	<b>1,775</b>	<b>2,830</b>	(37.3)	

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

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

		Group			Group		
		Three Months Ended			Six Months Ended		
		31.12.18	31.12.17	Change	31.12.18	31.12.17	Change
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
\$'000	\$'000	%	\$'000	\$'000	%		
(a)	<u>Other income</u>						
	Government grants	46	207	(77.8)	93	553	(83.2)
	Gain on disposal of property, plant and equipment	2	49	(95.9)	3	50	(94.0)
	Interest income	30	22	36.4	59	50	18.0
	Administrative income	4	20	(80.0)	6	69	(91.3)
	Foreign exchange gain	-	2	(100.0)	-	2	(100.0)
	Sales of spare parts	58	-	100.0	81	42	92.9
	Others	63	159	(60.4)	158	207	(23.7)
		203	459		400	973	
(b)	<u>Profit before tax</u>						
	This is arrived at after charging/(crediting):						
	Audit fees payable/paid to auditor of the Company	54	53	1.9	108	103	4.9
	Depreciation of property, plant and equipment	737	731	0.8	1,785	1,471	21.3
	Net (gain)/loss on disposal of property, plant and equipment	(18)	(49)	(63.3)	10	(19)	(152.6)
	Property, plant and equipment written off	41	1	N/M	41	1	N/M
	Amortisation of intangible assets	160	444	(64.0)	326	1,476	(77.9)

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

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

1(b)(i) Statements of Financial Position

	Group		Company	
	As at 31.12.18	As at 30.06.18	As at 31.12.18	As at 30.06.18
	(Unaudited) \$'000	(Audited) \$'000	(Unaudited) \$'000	(Audited) \$'000
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	30,928	34,238	-	-
Goodwill	2,658	2,658	-	-
Investment property	920	-	-	-
Intangible assets	2,597	2,923	-	-
Investment in subsidiaries	-	-	34,255	34,229
Other investments	6,040	6,048	5,000	5,000
	43,143	45,867	39,255	39,229
<b><u>Current assets</u></b>				
Contract assets	27,389	24,422	-	-
Asset held for sale	2,330	-	-	-
Inventories	511	486	-	-
Trade and other receivables	49,356	26,887	17,442	12,145
Cash and bank balances	17,170	12,200	1,544	3,376
<b>Total current assets</b>	96,756	63,995	18,986	15,521
<b>Total assets</b>	<b>139,899</b>	<b>109,862</b>	<b>58,241</b>	<b>54,750</b>
<b><u>Non-current liabilities</u></b>				
Finance lease liabilities	2,503	2,478	-	-
Deferred tax liabilities	1,124	1,160	-	-
Bank borrowings	11,058	12,101	-	-
<b>Total non-current liabilities</b>	14,685	15,739	-	-
<b><u>Current liabilities</u></b>				
Contract liabilities	3,493	3,477	-	-
Bank borrowings	19,832	11,699	7,150	4,400
Trade and other payables	37,352	16,106	4,880	4,763
Finance lease liabilities	1,275	1,150	-	-
Tax payables	561	140	-	-
<b>Total current liabilities</b>	62,513	32,572	12,030	9,163
<b>Total liabilities</b>	<b>77,198</b>	<b>48,311</b>	<b>12,030</b>	<b>9,163</b>
<b>Net assets</b>	<b>62,701</b>	<b>61,551</b>	<b>46,211</b>	<b>45,587</b>

	Group		Company	
	As at 31.12.18	As at 30.06.18	As at 31.12.18	As at 30.06.18
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
<b>Share capital and reserves</b>				
Share capital	29,618	29,618	29,618	29,618
Treasury shares	(378)	(256)	(378)	(256)
Accumulated profits	37,681	36,082	16,896	16,150
Foreign currency translation reserve	38	16	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserves	1,065	1,065	75	75
Equity attributable to equity holders of the Company	60,686	59,187	46,211	45,587
Non-controlling interests	2,015	2,364	-	-
<b>Total equity</b>	<b>62,701</b>	<b>61,551</b>	<b>46,211</b>	<b>45,587</b>

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

	Group		Group	
	As at 31.12.18		As at 30.06.18	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	21,107	-	12,849	-
Amount repayable after one year	13,561	-	14,579	-
	34,668	-	27,428	-

**Details of any collaterals**

- (a) Bank borrowings amounting to \$30.9 million are secured by:
- (i) Charges over fixed deposit;
  - (ii) Mortgage over the Group's leasehold properties;
  - (iii) First fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited;
  - (iv) SGD corporate bond; and
  - (v) Corporate guarantee from the Company and a subsidiary.
- (b) Finance lease obligations of the Group amounting to \$3.8 million are secured by the rights to the leased equipment, machineries and motor vehicles. Certain directors of the Company have provided personal guarantees for certain of the finance lease liabilities.

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

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

	Note	Group		Group	
		Three Months Ended		Six Months Ended	
		31.12.18	31.12.17	31.12.18	31.12.17
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Profit before income tax		1,710	1,317	2,355	2,944
Adjustment for: -					
Depreciation of property, plant and equipment		737	731	1,785	1,471
Depreciation of investment property		5	-	9	-
Net (gain)/loss on disposal of property, plant and equipment		(18)	(49)	10	(19)
Property, plant and equipment written off		41	1	41	1
Amortisation of intangible assets		160	444	326	1,476
Allowance for doubtful receivables		-	27	-	27
Interest income		(30)	(22)	(59)	(50)
Interest expense		281	191	504	333
<b>Operating cash flows before working capital changes</b>		2,886	2,640	4,971	6,183
Contract assets/liabilities		(3,616)	(5,680)	(2,951)	(3,932)
Inventories		52	39	(25)	(172)
Trade and other receivables		(13,063)	(3,212)	(22,538)	(3,009)
Trade and other payables		16,409	2,415	20,728	867
<b>Cash generated from/(used in) operations</b>		2,668	(3,798)	185	(63)
Interest received		30	21	67	57
Interest paid		(281)	(191)	(504)	(333)
Tax paid		(194)	(3)	(168)	(7)
<b>Net cash generated from/(used in) operating activities</b>		<b>2,223</b>	<b>(3,971)</b>	<b>(420)</b>	<b>(346)</b>
<b>Cash flows from investing activities</b>					
Additions to intangible assets		-	(60)	-	(60)
Purchases of property, plant and equipment	(A)	(253)	(2,046)	(963)	(2,918)
Proceeds from disposal of property, plant and equipment		25	266	66	313
<b>Net cash used in investing activities</b>		<b>(228)</b>	<b>(1,840)</b>	<b>(897)</b>	<b>(2,665)</b>

1(c)(i) Consolidated Statement of Cash Flows (Con't)

	Note	Group		Group	
		Three Months Ended		Six Months Ended	
		31.12.18	31.12.17	31.12.18	31.12.17
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>					
Dividend paid		-	(1,972)	-	(1,972)
Purchase of treasury shares		(66)	-	(122)	(220)
Capital contributed by non-controlling interest		25	196	25	686
Due to related parties (non-trade)		13	39	24	39
Fixed deposits pledged to banks		(42)	(2)	(45)	(1,106)
Drawdown of bank borrowings		5,675	3,526	10,310	9,396
Repayment of bank borrowings		(919)	(4,502)	(3,218)	(4,978)
Repayment of finance lease		(380)	(259)	(729)	(535)
<b>Net cash generated from/(used in) financing activities</b>		<b>4,306</b>	<b>(2,974)</b>	<b>6,245</b>	<b>1,310</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,301</b>	<b>(8,785)</b>	<b>4,928</b>	<b>(1,701)</b>
<b>Cash and cash equivalents at beginning of financial period</b>		7,936	20,406	9,309	13,322
<b>Cash and cash equivalents at end of financial period</b>		<b>14,237</b>	<b>11,621</b>	<b>14,237</b>	<b>11,621</b>

**Note A**

The Group acquired equipment with an aggregate cost of \$744,000 (2QFY2018: \$2,194,000). The additions were by way of cash payments of \$253,000 (2QFY2018: \$2,046,000) and finance lease of \$491,000 (2QFY2018: \$148,000).

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

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

	Group		Group	
	Three Months Ended		Six Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	11,757	10,159	11,757	10,159
Fixed deposits	5,413	3,949	5,413	3,949
	<b>17,170</b>	<b>14,108</b>	<b>17,170</b>	<b>14,108</b>
Less: Fixed deposits pledged	(2,795)	(2,345)	(2,795)	(2,345)
Less: Bank overdrafts	(138)	(142)	(138)	(142)
	<b>14,237</b>	<b>11,621</b>	<b>14,237</b>	<b>11,621</b>

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>	29,618	(562)	(7,338)	8	(4)	36,038	57,760	1,009	58,769
Profit for the period	-	-	-	-	-	1,510	1,510	(94)	1,416
<b>Other comprehensive income</b>									
Foreign currency translation gain	-	-	-	1	-	-	1	-	1
Other comprehensive income for the period, net of tax	-	-	-	1	-	-	1	-	1
Total comprehensive income for the period	-	-	-	1	-	1,510	1,511	(94)	1,417
<b>Contribution by and distributions to equity holders</b>									
Purchase of treasury shares	-	(220)	-	-	-	-	(220)	-	(220)
	-	(220)	-	-	-	-	(220)	-	(220)
<b>Change in ownership interest in subsidiary</b>									
Incorporation of a subsidiary	-	-	-	-	-	-	-	490	490
	-	-	-	-	-	-	-	490	490
Total transactions with equity holders of the Company	-	(220)	-	-	-	-	(220)	490	270
<b>Balance at 30 September 2017</b>	<b>29,618</b>	<b>(782)</b>	<b>(7,338)</b>	<b>9</b>	<b>(4)</b>	<b>37,548</b>	<b>59,051</b>	<b>1,405</b>	<b>60,456</b>



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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 October 2017</b>	<b>29,618</b>	<b>(782)</b>	<b>(7,338)</b>	<b>9</b>	<b>(4)</b>	<b>37,548</b>	<b>59,051</b>	<b>1,405</b>	<b>60,456</b>
Profit for the period	-	-	-	-	-	1,888	1,888	(482)	1,406
<b>Other comprehensive income</b>									
Foreign currency translation gain	-	-	-	5	-	-	5	2	7
Other comprehensive income for the period, net of tax	-	-	-	5	-	-	5	2	7
Total comprehensive income for the period	-	-	-	5	-	1,888	1,893	(480)	1,413
<b>Contribution by and distributions to equity holders</b>									
Dividend	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
<b>Change in ownership interest in subsidiary</b>									
Incorporation of a subsidiary	-	-	-	-	-	-	-	196	196
	-	-	-	-	-	-	-	196	196
Total transactions with equity holders of the Company	-	-	-	-	-	(1,972)	(1,972)	196	(1,776)
<b>Balance at 31 December 2017</b>	<b>29,618</b>	<b>(782)</b>	<b>(7,338)</b>	<b>14</b>	<b>(4)</b>	<b>37,464</b>	<b>58,972</b>	<b>1,121</b>	<b>60,093</b>

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>	29,618	(256)	(7,338)	16	1,065	36,082	59,187	2,364	61,551
Profit for the period	-	-	-	-	-	796	796	(315)	481
<b>Other comprehensive income</b>									
Foreign currency translation gain	-	-	-	24	-	-	24	5	29
Other comprehensive income for the period, net of tax	-	-	-	24	-	-	24	5	29
Total comprehensive income for the period	-	-	-	24	-	796	820	(310)	510
<b>Contribution by and distributions to equity holders</b>									
Dividend	-	-	-	-	-	(528)	(528)	-	(528)
Purchase of treasury shares	-	(56)	-	-	-	-	(56)	-	(56)
	-	(56)	-	-	-	(528)	(584)	-	(584)
Total transactions with equity holders of the Company	-	(56)	-	-	-	(528)	(584)	-	(584)
<b>Balance at 30 September 2018</b>	<b>29,618</b>	<b>(312)</b>	<b>(7,338)</b>	<b>40</b>	<b>1,065</b>	<b>36,350</b>	<b>59,423</b>	<b>2,054</b>	<b>61,477</b>

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 October 2018</b>	<b>29,618</b>	<b>(312)</b>	<b>(7,338)</b>	<b>40</b>	<b>1,065</b>	<b>36,350</b>	<b>59,423</b>	<b>2,054</b>	<b>61,477</b>
Profit for the period	-	-	-	-	-	1,331	1,331	(64)	1,267
<b>Other comprehensive income</b>									
Foreign currency translation loss	-	-	-	(2)	-	-	(2)	-	(2)
Other comprehensive income for the period, net of tax	-	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income for the period	-	-	-	(2)	-	1,331	1,329	(64)	1,265
<b>Contribution by and distributions to equity holders</b>									
Issuance of new shares	-	-	-	-	-	-	-	25	25
Purchase of treasury shares	-	(66)	-	-	-	-	(66)	-	(66)
	-	(66)	-	-	-	-	(66)	25	(41)
Total transactions with equity holders of the Company	-	(66)	-	-	-	-	(66)	25	(41)
<b>Balance at 31 December 2018</b>	<b>29,618</b>	<b>(378)</b>	<b>(7,338)</b>	<b>38</b>	<b>1,065</b>	<b>37,681</b>	<b>60,686</b>	<b>2,015</b>	<b>62,701</b>

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

Attributable to equity holders of the Company

Company	Share Capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>	<b>29,618</b>	<b>(562)</b>	-	<b>103</b>	<b>14,597</b>	<b>43,756</b>	-	<b>43,756</b>
Profit and total comprehensive income for the period	-	-	-	-	579	579	-	579
<b>Contribution by and distributions to equity holders</b>								
Purchase of treasury shares	-	(220)	-	-	-	(220)	-	(220)
	-	(220)	-	-	-	(220)	-	(220)
<b>Balance at 30 September 2017</b>	<b>29,618</b>	<b>(782)</b>	-	<b>103</b>	<b>15,176</b>	<b>44,115</b>	-	<b>44,115</b>
Profit and total comprehensive income for the period	-	-	-	-	2,059	2,059	-	2,059
<b>Contribution by and distributions to equity holders</b>								
Dividend	-	-	-	-	(1,844)	(1,844)	-	(1,844)
	-	-	-	-	(1,844)	(1,844)	-	(1,844)
<b>Balance at 31 December 2017</b>	<b>29,618</b>	<b>(782)</b>	-	<b>103</b>	<b>15,391</b>	<b>44,330</b>	-	<b>44,330</b>

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

Attributable to equity holders of the Company

Company	Share Capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>	29,618	(256)	-	75	16,150	45,587	-	45,587
Profit and total comprehensive income for the period	-	-	-	-	1,141	1,141	-	1,141
<b>Contribution by and distributions to equity holders</b>								
Dividend	-	-	-	-	(513)	(513)	-	(513)
Purchase of treasury shares	-	(56)	-	-	-	(56)	-	(56)
	-	(56)	-	-	(513)	(569)	-	(569)
<b>Balance at 30 September 2018</b>	<b>29,618</b>	<b>(312)</b>	<b>-</b>	<b>75</b>	<b>16,778</b>	<b>46,159</b>	<b>-</b>	<b>46,159</b>
Profit and total comprehensive income for the period	-	-	-	-	118	118	-	118
<b>Contribution by and distributions to equity holders</b>								
Purchase of treasury shares	-	(66)	-	-	-	(66)	-	(66)
	-	(66)	-	-	-	(66)	-	(66)
<b>Balance at 31 December 2018</b>	<b>29,618</b>	<b>(378)</b>	<b>-</b>	<b>75</b>	<b>16,896</b>	<b>46,211</b>	<b>-</b>	<b>46,211</b>

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

	Financial Period 2019		Financial Period 2018	
	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
<b>As at 1 July</b>	285,130,562	736,028	284,387,041	1,479,549
Share buyback during the financial period	(506,900)	506,900	(625,000)	625,000
<b>As at 31 December</b>	<b>284,623,662</b>	<b>1,242,928</b>	<b>283,762,041</b>	<b>2,104,549</b>
<b>Percentage (%) of treasury shares against total number of shares outstanding as at 31 December</b>		<b>0.4%</b>		<b>0.7%</b>

There were no subsidiary holdings and outstanding convertible instruments which may be converted to shares as at 31 December 2018 and 31 December 2017.

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

	Company	
	As at 31.12.18	As at 30.06.18
Number of ordinary shares issued and fully paid	285,866,590	285,866,590
Treasury shares	(1,242,928)	(736,028)
Number of ordinary shares issued and fully paid (excluding treasury shares)	284,623,662	285,130,562

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

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial information for the current financial period as those used in the audited financial statements for the financial year ended 30 June 2018, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 July 2018 which are effective for annual financial period beginning on 1 July 2018.

The Group has reviewed the estimate useful life of renovation and it also quantified the impact arising from change of estimate useful life. In December 2018, the useful life of renovation has been extended from 5 years to 10 years. The revised depreciation rates are applied prospectively. This change has reduced current period depreciation charges of the Group by approximately \$0.3m.

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

Please refer to paragraph 4 above.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per share ("EPS")	Group		Group	
	Three Months Ended		Six Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
Profit attributable to equity holders of the Company (\$'000)	1,331	1,888	2,127	3,398
Weighted average number of ordinary shares <sup>(1)</sup>	284,623,662	283,762,041	284,935,584	284,035,546
<b>Basic and diluted EPS based on weighted average number of ordinary shares (cents)<sup>(2)</sup></b>	<b>0.47</b>	<b>0.67</b>	<b>0.75</b>	<b>1.20</b>

**Notes:**

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

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

Net asset value ("NAV")	Group		Company	
	As at 31.12.18	As at 30.06.18	As at 31.12.18	As at 30.06.18
NAV (\$'000)	60,686	59,187	46,211	45,587
Number of ordinary shares	284,623,662	285,130,562	284,623,662	285,130,562
NAV per ordinary share (cents)	<b>21.32</b>	<b>20.76</b>	<b>16.24</b>	<b>15.99</b>



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

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

#### REVIEW OF FINANCIAL PERFORMANCE

Revenue	Group					Group				
	Three Months Ended					Six Months Ended				
	31.12.18		31.12.17		Change	31.12.18		31.12.17		Change
	\$'000	%	\$'000	%	%	\$'000	%	\$'000	%	%
R&R <sup>(1)</sup>	5,186	11.3	4,642	19.5	11.7	9,627	13.2	12,005	24.6	(19.8)
A&A <sup>(1)</sup>	30,466	66.4	11,769	49.6	158.9	45,478	62.2	22,012	45.0	106.6
C&P <sup>(1)</sup>	4,119	9.0	2,004	8.4	105.5	6,923	9.4	4,894	10.0	41.5
Others <sup>(2)</sup>	6,097	13.3	5,336	22.5	14.3	11,105	15.2	9,948	20.4	11.6
	<b>45,868</b>	<b>100.0</b>	<b>23,751</b>	<b>100.0</b>	93.1	<b>73,133</b>	<b>100.0</b>	<b>48,859</b>	<b>100.0</b>	49.7

**Note:**

- (1) R&R: Repairs & Redecoration; A&A: Addition & Alteration; C&P: Coating & Painting.
- (2) Others included revenue from commercial interior designs ("ID"), home retrofitting business, landscaping works, leasing service, waterproofing, green solutions business, mechanical & electrical engineering works and handyman service.

#### Revenue

##### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

Group revenue increased by \$22.1 million or 93.1% from \$23.8 million in 2QFY2018 to \$45.9 million in 2QFY2019 and increased by \$24.2 million or 49.7% from \$48.9 million in 6MFY2018 to \$73.1 million in 6MFY2019.

In 2Q2019, the revenue contributed by all business segment have increased significantly. In 6MFY2019, the revenue contributed by A&A, C&P and Others business segments increased significantly and it was offset by decreased from R&R business segment.

#### Gross profit and gross profit margin

##### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

The Group's gross profit increased by \$0.3 million or 5.7% from \$5.0 million in 2QFY2018 to \$5.3 million in 2QFY2019 and increased by \$0.7 million or 7.7% from \$9.4 million in 6MFY2018 to \$10.1 million in 6MFY2019. The decrease was mainly due to lower margin contributed by the completed projects from more competitive pricing during the period.

### **Other income**

#### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

The Group's other income decreased by \$0.3 million or 55.8% from \$0.5 million in 2QFY2018 to \$0.2 million in 2QFY2019 and decreased by \$0.6 million or 58.9% from \$1 million in 6MFY2018 to \$0.4 million in 6MFY2019. The decrease was mainly due to reduced government grants applicable to the Group.

### **Marketing and distribution expenses**

#### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

The Group's marketing and distribution expenses decreased by \$0.2 million or 38.0% from \$0.5 million in 2QFY2018 to \$0.3 million in 2QFY2019 and decreased by \$0.2 million or 24.6% from \$0.8 million in 6MFY2018 to \$0.6 million in 6MFY2019. The decrease was mainly due to decrease in motor vehicles related expenses.

### **General and administrative expenses**

#### **2QFY2019 vs 2QFY2018**

The Group's general and administrative expenses decreased by \$0.3 million or 7.6% from \$3.3 million in 2QFY2018 to \$3.0 million in 2QFY2019. The decrease was mainly due to decrease in overhead cost reduction such as rental and certain administrative cost.

#### **6MFY2019 vs 6MFY2018**

The Group's general and administrative expenses increase by \$0.8 million or 13.1% from \$6.0 million in 6MF2018 to \$6.8 million in 6MF2019. The increase was mainly attributable to the increase in depreciation of property and renovation of office building.

### **Finance costs**

#### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

The Group's finance costs increased by \$0.1 million or 42.0% from \$0.2 million in 2QFY2018 to \$0.3 million in 2QFY2019 and increased by \$0.1 million or 43.1% from \$0.4 million in 6MFY2018 to \$0.5 million in 6MFY2019. The increase was mainly attributable to the increase in borrowing to finance the purchase of office building and working capital need for certain sizable projects.

### **Profit before tax**

#### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

As a result of the above, the Group recorded a profit before tax of \$1.7 million in 2QFY2019 and \$2.4 million in 6MFY2019 as compared to a profit before tax of \$1.3 million in 2QFY2018 and \$2.9 million in 6MFY2018.

### **Tax expenses**

#### **2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018**

The Group's tax expenses increased by \$0.5 million or 597.8% from \$0.1 million tax credit in 2QFY2018 to \$0.4 million tax expenses in 2QFY2019 and increased by \$0.5 million or 397.5% from \$0.1 million in 6MFY2018 to \$0.6 million in 6MFY2019. The increase was mainly due to lower tax incentives.

### **REVIEW OF FINANCIAL POSITION**

#### **Non-current assets**

The Group's non-current assets decreased by \$2.7 million or 5.9% from \$45.8 million as at 30 June 2018 to \$43.1 million as at 31 December 2018, mainly due to the depreciation of property, plant and equipment ("PPE") and amortisation of intangible assets, which was partially offset by the acquisition of PPE.

#### **Current assets**

The increase in current assets of \$32.8 million or 51.2% from \$64.0 million as at 30 June 2018 to \$96.8 million as at 31 December 2018 was mainly due to the increase in contract assets, asset held for sale, inventories, trade and other receivables, and cash and bank balances.

The significant increase in trade and other receivables of approximately \$22.5 million mainly arose from the billings to a major customer of \$18.8 million of which \$15.6 million was subsequently collected as of the date of this announcement.

#### **Non-current liabilities**

The decrease in non-current liabilities of \$1.0 million or 6.7% from \$15.7 million as at 30 June 2018 to \$14.7 million as at 31 December 2018 was mainly due to repayment of bank borrowings.

#### **Current liabilities**

The increase in current liabilities of \$29.9 million or 91.9% from \$32.6 million as at 30 June 2018 to \$62.5 million as at 31 December 2018 was mainly due to the increase in trade and other payables, finance lease liabilities, tax payables and drawdown of bank borrowings. The increase in trade and other payables was mainly due to better working capital management.

### **REVIEW OF STATEMENT OF CASH FLOWS**

#### **Net cash generated from/(used in) operating activities**

##### **2QFY2019**

Net cash generated from operating activities amounted to \$2.2 million in 2QFY2019 which was mainly due to the increase in operating cash flow before changes in working capital and trade and other payables which were partially offset by increased in contract assets/liabilities and trade and other receivables.

##### **6MFY2019**

Net cash used in operating activities amounted to \$0.4 million which was mainly due to the increase in contract assets/liabilities, trade and other receivable and inventories, which were partially offset by the increase in operating cash flow before changes in working capital and trade and other payables.

**Net cash used in investing activities**

**2QFY2019 and 6MFY2019**

Net cash used in investing activities amounted to \$0.2 million in 2QFY2019 and \$0.9 million in 6MFY2019 was mainly due to the purchase of PPE, which was partially offset by the proceeds from disposal of PPE.

**Net cash generated from/ (used in) financing activities**

**2QFY2019 and 6MFY2019**

Net cash generated from financing activities of \$4.3 million in 2QFY2019 and \$6.2 million in 6MFY2019 was mainly due to the drawdown of bank borrowings to finance the purchase of corporate office and working capital financing, which were partially offset by fixed deposits pledged to banks and repayment of bank borrowings and finance lease.

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

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

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

The Group's order book as at 31 January 2019 remained strong at \$132.8 million, and which is expected to be delivered over the next two years.

The Group has been awarded second Home Improvement Programme ("HIP") project worth \$26.3 million after the award of its first HIP project in year 2017. The number of old flats in Singapore is increasing and the government spending on HIP programme is expected to be increased. The Group is expecting to gain more business opportunities from this programme due to its track record.

Besides that, Singapore plans to have largest offshore floating solar panel system which is the world's largest sea based floating photovoltaic ("PV") system which is currently built on freshwater ponds, lakes or reservoirs. The system is developed by one of Singapore leading sustainable energy provider Sunseap Group. The Group has also been awarded for floating solar installation project worth \$11.3 million by Sunseap Leasing Pte Ltd who is also the Group's strategic partner. The success of this project is expected to open up similar opportunities locally as well as around the region.

The Group has seen an improvement in the R&R sector with the Group having won a few sizeable projects worth in aggregate \$9.8 million recently.

Even though market likely remain challenging, the Group will continue to leverage on its strength to secure more projects for its sustainable growth in the long term.

**11 Dividend**

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

No.

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

The Company has adopted a dividend policy whereby the Company shall recommend the distribution of at least 20% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items, to its shareholders. The Company will not be declaring or recommending a dividend for 2Q2019.

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

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

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

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

**15 Negative confirmation pursuant to Rule 705 (5)**

We, David Ng Cheng Lian and Anthony Koh Thong Huat, being the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information for 6MFY2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**David Ng Cheng Lian**

**Executive Chairman**

**13 February 2019**

**Anthony Koh Thong Huat**

**CEO**

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

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

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