



ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

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 First Quarter ("1QFY2020") ended 30 September 2019

	Group			
	Note	Three Months Ended		Change
		30.09.19	30.09.18	
		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	
Income Statement				
Revenue		28,281	27,265	3.7
Cost of sales		(23,353)	(22,387)	4.3
Gross profit		4,928	4,878	1.0
Other income	(a)	346	197	75.6
Marketing and distribution expenses		(233)	(348)	(33.0)
General and administrative expenses		(3,435)	(3,735)	(8.0)
Finance costs		(431)	(237)	81.9
Other operating expenses		(95)	(110)	(13.6)
Share of results of associate		(8)	-	N/M
Profit before tax	(b)	1,072	645	66.2
Tax expense		(201)	(164)	22.6
Profit for the period		871	481	81.1
Profit attributable to:				
Equity holders of the Company		1,149	796	44.3
Non-controlling interests		(278)	(315)	(11.7)
		871	481	81.1

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

	Group			Change
	Note	Three Months Ended		
		30.09.19	30.09.18	
		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	
Statement of Comprehensive Income				
Profit for the period	871	481	81.1	
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation (loss)/gain	(3)	29	(110.3)	
Other comprehensive income for the period, net of tax	(3)	29	(110.3)	
Total comprehensive income for the period	868	510	70.2	
Total comprehensive income attributable to:				
Equity holders of the Company	1,147	820	39.9	
Non-controlling interests	(279)	(310)	(10.0)	
	868	510	70.2	

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

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

		Group		
		Three Months Ended		
		30.09.19	30.09.18	Change
		(Unaudited)	(Unaudited)	
		\$'000	\$'000	%
(a)	<u>Other income</u>			
	Government grants	61	47	29.8
	Gain on disposal of property, plant and equipment	84	1	N/M
	Interest income	23	29	(20.7)
	Administrative income	7	2	250.0
	Foreign exchange gain	39	-	N/M
	Sales of spare parts	42	23	82.6
	Others	90	95	(5.3)
		346	197	
(b)	<u>Profit before tax</u>			
	This is arrived at after charging/(crediting):			
	Audit fees payable/paid to auditor of the Company	53	54	(1.9)
	Amortisation of intangible assets	142	166	(14.5)
	Amortisation of right of use assets	11	-	N/M
	Depreciation of property, plant and equipment	959	1,048	(8.5)
	Depreciation of investment property	4	4	-
	Net (gain)/loss on disposal of property, plant and equipment	(67)	28	N/M
	Share of results of associate	(7)	-	N/M

"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	As at	As at	As at
	30.09.19	30.06.19	30.09.19	30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	29,708	30,247	-	-
Investment property	907	911	-	-
Intangible assets	2,933	2,075	-	-
Investment in subsidiaries	-	-	33,686	33,686
Investment in associate	431	438	265	265
Goodwill	2,658	2,658	-	-
Right of use assets	53	-	-	-
Other investments	7,735	7,743	6,711	6,711
	44,425	44,072	40,662	40,662
<u>Current assets</u>				
Contract assets	34,890	32,151	-	-
Non-current asset held for sale	2,330	2,330	-	-
Inventories	1,286	1,877	-	-
Trade and other receivables	31,890	33,523	23,001	20,272
Cash and bank balances	9,112	9,029	2,566	1,092
Total current assets	79,508	78,910	25,567	21,364
Total assets	123,933	122,982	66,229	62,026
<u>Non-current liabilities</u>				
Finance lease liabilities	2,627	2,764	-	-
Lease liabilities	20	-	-	-
Deferred tax liabilities	848	898	-	-
Bank borrowings	9,630	9,927	-	-
Total non-current liabilities	13,125	13,589	-	-
<u>Current liabilities</u>				
Contract liabilities	278	263	-	-
Bank borrowings	24,660	25,922	9,300	9,300
Trade and other payables	24,817	21,996	8,509	5,225
Finance lease liabilities	1,304	1,283	-	-
Lease liabilities	33	-	-	-
Tax payables	629	375	-	-
Total current liabilities	51,721	49,839	17,809	14,525
Total liabilities	64,846	63,428	17,809	14,525
Net assets	59,087	59,554	48,420	47,501

	Group		Company	
	As at 30.09.19	As at 30.06.19	As at 30.09.19	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Share capital and reserves				
Share capital	29,618	29,618	29,618	29,618
Treasury shares	(267)	(267)	(267)	(267)
Accumulated profits	34,261	34,309	18,994	18,075
Foreign currency translation reserve	42	44	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserve	1,065	1,065	75	75
Equity attributable to equity holders of the Company	57,381	57,431	48,420	47,501
Non-controlling interests	1,706	2,123	-	-
Total equity	59,087	59,554	48,420	47,501

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

	Group		Group	
	As at 30.09.19		As at 30.06.19	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	25,964	-	27,205	-
Amount repayable after one year	12,257	-	12,691	-
	38,221	-	39,896	-

Details of any collaterals

- (a) Bank borrowings amounting to \$34.3 million are secured by:
- i. charges over fixed deposits;
 - 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 subsidiaries.
- (b) Finance lease obligations of the Group amounting to \$3.9 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 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	
		Three Months Ended	
		30.09.19	30.09.18
		(Unaudited)	(Unaudited)
		\$'000	\$'000
Cash flows from operating activities			
Profit before income tax		1,072	645
Adjustment for: -			
Amortisation of right of use assets		11	-
Amortisation of intangible assets		142	166
Depreciation of property, plant and equipment		959	1,048
Depreciation of investment property		4	4
Net (gain)/loss on disposal of property, plant and equipment		(67)	28
Share of results of associate		7	-
Interest income		(23)	(29)
Interest expense		404	223
Operating cash flows before working capital changes		2,509	2,085
Contract assets/liabilities		(2,739)	665
Inventories		591	(77)
Trade and other receivables		1,633	(9,475)
Trade and other payables		302	4,319
Cash generated from/(used in) operations		2,296	(2,483)
Interest received		31	37
Interest paid		(404)	(223)
Tax refund		3	26
Net cash generated from/(used in) operating activities		1,926	(2,643)
Cash flows from investing activities			
Purchases of property, plant and equipment	(A)	(235)	(710)
Proceeds from disposal of property, plant and equipment		102	41
Net cash used in investing activities		(133)	(669)
Cash flows from financing activities			
Purchase of treasury shares		-	(56)
Due from related parties (non-trade)		168	11
Fixed deposits pledged to banks		(4)	(3)
Drawdown of bank borrowings		4,703	4,635
Repayment of bank borrowings		(6,300)	(2,299)
Repayment of finance lease		(318)	(349)
Net cash (used in)/generated from financing activities		(1,751)	1,939

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

	Note	Group	
		Three Months Ended	
		30.09.19	30.09.18
		(Unaudited)	(Unaudited)
		\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents		42	(1,373)
Cash and cash equivalents at beginning of financial period		5,199	9,309
Cash and cash equivalents at end of financial period		5,241	7,936

Note A

The Group acquired equipment with an aggregate cost of \$452,000 (1QFY2019: \$1,093,000). The additions were by way of cash payments of \$235,000 (1QFY2019: \$710,000), finance lease of \$203,000 (1QFY2019: \$383,000) and other payable of S\$14,000 (1QFY2019: \$nil).

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	
	Three Months Ended	
	30.09.19	30.09.18
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Cash in hand and at bank	4,648	5,547
Fixed deposits	4,464	5,866
	9,112	11,413
Less: Fixed deposits pledged	(2,804)	(2,753)
Less: Bank overdrafts	(1,067)	(724)
	5,241	7,936

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
Balance at 1 July 2018	29,618	(256)	(7,338)	22	1,065	28,066	51,177	2,391	53,568
Profit for the period	-	-	-	-	-	796	796	(315)	481
Other comprehensive income									
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
Contribution by and distributions to equity holders									
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)
Balance at 30 September 2018	29,618	(312)	(7,338)	46	1,065	28,334	51,413	2,081	53,494

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
Balance at 1 July 2019	29,618	(267)	(7,338)	44	1,065	34,309	57,431	2,123	59,554
Profit for the period	-	-	-	-	-	1,149	1,149	(278)	871
Other comprehensive income									
Foreign currency translation loss	-	-	-	(2)	-	-	(2)	(1)	(3)
Other comprehensive income for the period, net of tax	-	-	-	(2)	-	-	(2)	(1)	(3)
Total comprehensive income for the period	-	-	-	(2)	-	1,149	1,147	(279)	868
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,197)	(1,197)	(138)	(1,335)
	-	-	-	-	-	(1,197)	(1,197)	(138)	(1,335)
Total transactions with equity holders of the Company	-	-	-	-	-	(1,197)	(1,197)	(138)	(1,335)
Balance at 30 September 2019	29,618	(267)	(7,338)	42	1,065	34,261	57,381	1,706	59,087

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

Company	Attributable to equity holders of the Company							Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000			
Balance at 1 July 2018	29,618	(256)	-	75	16,150	45,587	-	45,587	
Profit and total comprehensive income for the period	-	-	-	-	1,141	1,141	-	1,141	
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	(513)	(513)	-	(513)	
Purchase of treasury shares	-	(56)	-	-	-	(56)	-	(56)	
	-	(56)	-	-	(513)	(569)	-	(569)	
Balance at 30 September 2018	29,618	(312)	-	75	16,778	46,159	-	46,159	
Balance at 1 July 2019	29,618	(267)	-	75	18,075	47,501	-	47,501	
Profit and total comprehensive income for the period	-	-	-	-	2,116	2,116	-	2,116	
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	(1,197)	(1,197)	-	(1,197)	
	-	-	-	-	(1,197)	(1,197)	-	(1,197)	
Balance at 30 September 2019	29,618	(267)	-	75	18,994	48,420	-	48,420	

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 2020		Financial Period 2019	
	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
As at 1 July	284,269,654	798,468	285,130,562	736,028
Share buyback during the financial period	-	-	(200,000)	200,000
As at 30 September	284,269,654	798,468	284,930,562	936,028
Percentage (%) of treasury shares against total number of shares outstanding as at 30 September		0.3%		0.3%

There were no subsidiary holdings and outstanding convertible instruments which may be converted to shares as at 30 September 2019 and 30 September 2018.

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

	Company	
	As at 30.09.19	As at 30.06.19
Number of ordinary shares issued and fully paid	285,068,122	285,068,122
Treasury shares	(798,468)	(798,468)
Number of ordinary shares issued and fully paid (excluding treasury shares)	284,269,654	284,269,654

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.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 30 June 2019.

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.

The Group has adopted SFRS(I) 16 with effect from 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 30 June 2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group had recognised right-of-use assets of \$0.06 million and lease liabilities of \$0.06 million on 1 July 2019.

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	
	Three Months Ended	
	30.09.19	30.09.18
Profit attributable to equity holders of the Company (\$'000)	1,149	796
Weighted average number of ordinary shares ⁽¹⁾	284,725,505	285,064,258
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	0.40	0.28

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 assets value ("NAV")	Group		Company	
	As at 30.09.19	As at 30.06.19	As at 30.09.19	As at 30.09.18
NAV (\$'000)	57,381	57,431	48,420	47,501
Number of ordinary shares	284,269,654	284,269,654	284,269,654	284,269,654
NAV per ordinary share (cents)	20.19	20.20	17.03	16.71

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				
	Three Months Ended				
	30.09.19		30.09.18		Change
	\$'000	%	\$'000	%	%
Repairs & Redecoration ("R&R")	9,439	33.4	4,044	14.8	133.4
Addition & Alteration ("A&A")	9,988	35.3	15,012	55.0	(33.5)
Coating & Painting ("C&P")	4,316	15.3	2,797	10.3	54.3
Others ⁽¹⁾	4,538	16.0	5,412	19.9	(16.1)
	28,281	100.0	27,265	100.0	3.7

Note:

- (1) 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

The Group's revenue increased by \$1.0 million or 3.7% from \$27.3 million in 1QFY2019 to \$28.3 million in 1QFY2020.

The increase was mainly due to increase in revenue of R&R and C&P business segments, it was offset by decreased in revenue of A&A and Others business segments.

Gross profit and gross profit margin

The Group's gross profit increased by \$0.1 million or 1.0% from \$4.8 million in 1QFY2019 to \$4.9 million in 1QFY2020. There were no material changes in gross profit margin during the financial period under review.

Other income

The Group's Other income increased by \$0.1 million or 75.6% from \$0.2 million in 1QFY2019 to \$0.3 million in 1QFY2020.

The increase was mainly due to gain on disposal of plant and equipment and higher government grant received.

Marketing and distribution expenses

The Group's marketing and distribution expenses decreased by \$0.1 million or 33.0% from \$0.3 million in 1QFY2019 to \$0.2 million in 1QFY2020. The decrease was mainly due to lower motor vehicle related expenses.

General and administrative expenses

The Group's general and administrative expenses decreased by \$0.3 million or 8.0% from \$3.7 million in 1QFY2019 to \$3.4 million in 1QFY2020. The decrease was mainly due to reduction in overhead cost such as rental and certain administrative cost.

Finance costs

The Group's finance costs increase by \$0.2 million or 81.9% from \$0.2 million in 1QFY2019 to \$0.4 million in 1QFY2020 mainly due to increase working capital need for more sizable projects.

Profit before tax

As a result of the above, the Group recorded a profit before tax of \$1.1 million in 1QFY2020, 66.2% more than 1QFY2019.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by \$0.3 million or 0.8% from \$44.1 million as at 30 June 2019 to \$44.4 million as at 30 September 2019, mainly due to increase in intangible asset which were offset by depreciation of property, plant and equipment ("PPE") and investment property, disposal of PPE and amortisation of intangible assets.

Current assets

The increase in current assets of \$0.6 million or 0.8% from \$78.9 million as at 30 June 2019 to \$79.5 million as at 30 September 2019 was mainly due to increase in contract assets and bank balances which were offset by decrease in inventories and trade and other receivables.

Non-current liabilities

The decrease in non-current liabilities of \$0.5 million or 3.4% from \$13.6 million as at 30 June 2019 to \$13.1 million as at 30 September 2019 was mainly due to the repayment of bank borrowings, finance lease liabilities and decrease in deferred tax liabilities.

Current liabilities

The increase in current liabilities of \$1.9 million or 3.8% from \$49.8 million as at 30 June 2019 to \$51.7 million as at 30 September 2019 was mainly due to the increase in amounts due to tax payables and trade and other payables which were offset by repayment of bank borrowings.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash generated from operating activities

Net cash generated from operating activities amounted to \$1.9 million was mainly due to decrease in inventories, trade and other receivables and increase in trade and other payables which were offset by increase in contract assets.

Net cash used in investing activities

Net cash used in investing activities amounted to \$0.1 million due to the purchase of equipment.

Net cash used in financing activities

Net cash used in financing activities of \$1.8 million was mainly due to repayment of bank borrowings and finance lease which were offset by drawdown of bank borrowings.

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 expects the general economic conditions, particularly in Singapore, to remain challenging for the next 12 months. Notwithstanding that, the Group has secured a strong order book of \$148.2 million as at 31 October 2019, which is expected to be delivered over the next two years.

Included in the above order book, is an A&A contract to supply, install, construction, completion and maintenance of architectural works to Lentor MRT station which is the first MRT A&A project secured by the Group. Through this opportunity and track record, the Group will continue to explore business opportunities for other MRT projects.

The Group is cautiously optimistic of its outlook for FY2020. The Group will continue to leverage on its strong track record and proven expertise to actively tender for new public and private sector projects.

11 Dividend

(a) Dividend declared (recommended) for the current financial period 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.

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 annually. The Company will not be declaring or recommending a dividend for 1QFY2020.

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 1QFY2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

David Ng Cheng Lian

Executive Chairman

14 November 2019

Anthony Koh Thong Huat

CEO

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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.