



ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2019

PART 1 INFORMATION REQUIRED FOR 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 ("2QFY2020") and Period Ended 31 December 2019 ("6MFY2020")

	Group				Group		
	Note	Three Months Ended		Change %	Six Months Ended		Change %
		31.12.19	31.12.18		31.12.19	31.12.18	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000		\$'000	\$'000		
Income Statement							
Revenue		35,492	45,868	(22.6)	63,773	73,133	(12.8)
Cost of sales		(30,725)	(40,591)	(24.3)	(54,078)	(62,978)	(14.1)
Gross profit		4,767	5,277	(9.7)	9,695	10,155	(4.5)
Other income	(a)	840	203	N/M	1,186	400	196.5
Marketing and distribution expenses		(228)	(285)	(20.0)	(461)	(633)	(27.2)
General and administrative expenses		(3,159)	(3,085)	2.4	(6,594)	(6,820)	(3.3)
Finance costs		(516)	(294)	75.5	(947)	(531)	78.3
Other operating expenses		(95)	(106)	(10.4)	(190)	(216)	(12.0)
Share of results of associate		(14)	-	N/M	(22)	-	N/M
Profit before tax	(b)	1,595	1,710	(6.7)	2,667	2,355	13.2
Tax expense		(321)	(443)	(27.5)	(522)	(607)	(14.0)
Profit for the period		1,274	1,267	0.6	2,145	1,748	22.7
Profit attributable to:							
Equity holders of the Company		1,652	1,331	24.1	2,801	2,127	31.7
Non-controlling interests		(378)	(64)	N/M	(656)	(379)	73.1
		1,274	1,267	0.6	2,145	1,748	22.7

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

	Group				Group		
	Note	Three Months Ended		Change	Six Months Ended		Change
		31.12.19	31.12.18		31.12.19	31.12.18	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Statement of Comprehensive Income							
Profit for the period		1,274	1,267	0.6	2,145	1,748	22.7
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation (loss)/ gain		(3)	(2)	50.0	(5)	27	(118.5)
Other comprehensive (loss)/ income for the period, net of tax		(3)	(2)	50.0	(5)	27	(118.5)
Total comprehensive income for the period		1,271	1,265	0.5	2,140	1,775	20.6
Total comprehensive income attributable to:							
Equity holders of the Company		1,649	1,329	24.1	2,797	2,149	30.2
Non-controlling interests		(378)	(64)	N/M	(657)	(374)	75.7
		1,271	1,265	0.5	2,140	1,775	20.6

"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		
		31.12.19	31.12.18	Change	31.12.19	31.12.18	Change
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
\$'000	\$'000	%	\$'000	\$'000	%		
(a)	<u>Other income</u>						
	Government grants	646	46	N.M	707	93	N.M
	Gain on disposal of property, plant and equipment	16	2	N/M	100	3	N/M
	Interest income	28	30	(6.7)	51	59	(13.6)
	Administrative income	17	4	N/M	24	6	N/M
	Foreign exchange gain	2	-	N/M	41	-	N/M
	Sales of spare parts	45	58	(22.4)	87	81	7.4
	Others	86	63	36.5	176	158	11.4
		840	203		1,186	400	
(b)	<u>Profit before tax</u>						
	This is arrived at after charging/(crediting):						
	Audit fees payable/paid to auditor of the Company	54	54	-	107	108	(0.9)
	Amortisation of intangible assets	194	160	21.3	336	326	3.1
	Amortisation of right of use	10	-	N/M	21	-	N/M
	Allowance for doubtful receivables	34	-	N/M	34	-	N/M
	Depreciation of property, plant and equipment	958	737	30.0	1,917	1,785	7.4
	Depreciation of investment property	5	5	-	9	9	-
	Net (gain)/loss on disposal of property, plant and equipment	(16)	(18)	(11.1)	(83)	10	N/M
	Share of results of associate	14	-	N/M	22	-	N/M
	Property, plant and equipment written off	-	41	N/M	-	41	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 31.12.19	As at 30.06.19	As at 31.12.19	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	29,030	30,247	-	-
Investment property	902	911	-	-
Intangible assets	2,739	2,075	-	-
Investment in subsidiaries	-	-	33,696	33,686
Investment in associate	417	438	265	265
Goodwill	2,658	2,658	-	-
Right of use assets	42	-	-	-
Other investments	7,735	7,743	6,711	6,711
	43,523	44,072	40,672	40,662
<u>Current assets</u>				
Contract assets	40,465	32,151	-	-
Non-current asset held for sale	2,330	2,330	-	-
Inventories	1,171	1,877	-	-
Trade and other receivables	36,503	33,523	26,102	20,272
Cash and bank balances	6,436	9,029	197	1,092
Total current assets	86,905	78,910	26,299	21,364
Total assets	130,428	122,982	66,971	62,026
<u>Non-current liabilities</u>				
Finance lease liabilities	2,598	2,764	-	-
Lease liabilities	19	-	-	-
Deferred tax liabilities	782	898	-	-
Bank borrowings	9,770	9,927	-	-
Total non-current liabilities	13,169	13,589	-	-
<u>Current liabilities</u>				
Contract liabilities	310	263	-	-
Bank borrowings	26,965	25,922	9,700	9,300
Trade and other payables	27,690	21,996	8,553	5,225
Finance lease liabilities	1,140	1,283	-	-
Lease liabilities	23	-	-	-
Tax payables	773	375	-	-
Total current liabilities	56,901	49,839	18,253	14,525
Total liabilities	70,070	63,428	18,253	14,525
Net assets	60,358	59,554	48,718	47,501

	Group		Company	
	As at 31.12.19	As at 30.06.19	As at 31.12.19	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	35,913	34,309	19,292	18,075
Foreign currency translation reserve	39	44	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserve	1,065	1,065	75	75
Equity attributable to equity holders of the Company	59,030	57,431	48,718	47,501
Non-controlling interests	1,328	2,123	-	-
Total equity	60,358	59,554	48,718	47,501

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

	Group		Group	
	As at 31.12.19		As at 30.06.19	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	28,105	-	27,205	-
Amount repayable after one year	12,368	-	12,691	-
	40,473	-	39,896	-

Details of any collaterals

- (a) Bank borrowings amounting to \$36.7 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 subsidiaries.
- (b) Finance lease obligations of the Group amounting to \$3.7 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		Group	
		Three Months Ended		Six Months Ended	
		31.12.19	31.12.18	31.12.19	31.12.18
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit before income tax		1,595	1,710	2,667	2,355
Adjustment for: -					
Amortisation of right of use assets		10	-	21	-
Amortisation of intangible assets		194	160	336	326
Allowance for doubtful receivables		34	-	34	-
Depreciation of property, plant and equipment		958	737	1,917	1,785
Depreciation of investment property		5	5	9	9
Net (gain)/loss on disposal of property, plant and equipment		(16)	(18)	(83)	10
Property, plant and equipment written off		-	41	-	41
Interest income		(28)	(30)	(51)	(59)
Interest expense		498	281	902	504
Share of results of associates		14	-	21	-
Operating cash flows before working capital changes		3,264	2,886	5,773	4,971
Contract assets/liabilities		(5,575)	(3,616)	(8,314)	(2,951)
Inventories		115	52	706	(25)
Trade and other receivables		(4,647)	(13,063)	(3,014)	(22,538)
Trade and other payables		4,017	16,409	4,319	20,728
Cash (used in)/ generated from operations		(2,826)	2,668	(530)	185
Interest received		28	30	59	67
Interest paid		(498)	(281)	(902)	(504)
Tax paid		(244)	(194)	(241)	(168)
Net cash (used in)/ generated from operating activities		(3,540)	2,223	(1,614)	(420)
Cash flows from investing activities					
Additions to intangible assets		-	-	-	-
Purchases of property, plant and equipment	(A)	(154)	(253)	(389)	(963)
Proceeds from disposal of property, plant and equipment		16	25	118	66
Net cash used in investing activities		(138)	(228)	(271)	(897)

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

	Note	Group		Group	
		Three Months Ended		Six Months Ended	
		31.12.19	31.12.18	31.12.19	31.12.18
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities					
Dividend paid		(1,197)	-	(1,197)	-
Purchase of treasury shares		-	(66)	-	(122)
Capital contributed by non-controlling interest		-	25	-	25
Due to related parties (non-trade)		92	13	260	24
Fixed deposits pledged to banks		(1)	(42)	(5)	(45)
Drawdown of bank borrowings		4,257	5,675	2,617	10,310
Repayment of bank borrowings		(2,086)	(919)	(2,043)	(3,218)
Repayment of finance lease		(357)	(380)	(675)	(729)
Net cash generated from/(used in) financing activities		708	4,306	(1,043)	6,245
Net (decrease)/ increase in cash and cash equivalents		(2,970)	6,301	(2,928)	4,928
Cash and cash equivalents at beginning of financial period		5,241	7,936	5,199	9,309
Cash and cash equivalents at end of financial period		2,271	14,237	2,271	14,237

Note A

The Group acquired equipment with an aggregate cost of \$202,000 (2QFY2019: \$744,000). The additions were by way of cash payments of \$154,000 (2QFY2019: \$253,000) and finance lease of \$48,000 (2QFY2019: \$491,000).

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	
	31.12.19	31.12.18	31.12.19	31.12.18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	3,391	11,757	3,391	11,757
Fixed deposits	3,045	5,413	3,045	5,413
	6,436	17,170	6,436	17,170
Less: Fixed deposits pledged	(2,805)	(2,795)	(2,805)	(2,795)
Less: Bank overdrafts	(1,360)	(138)	(1,360)	(138)
	2,271	14,237	2,271	14,237

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 October 2018	29,618	(312)	(7,338)	46	1,065	28,334	51,413	2,081	53,494
Profit for the period	-	-	-	-	-	1,888	1,888	(482)	1,406
Other comprehensive income									
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
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
Changes in ownership									
Interest in subsidiary									
Incorporation of a subsidiary	-	-	-	-	-	-	-	196	196
	-	-	-	-	-	-	-	196	196
Total transactions with equity holders of the Company	-	-	-	-	-	(1,972)	(1,972)	196	(1,776)
Balance at 31 December 2018	29,618	(312)	(7,338)	51	1,065	28,250	51,334	1,797	53,131

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							Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'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)

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 October 2019	29,618	(267)	(7,338)	42	1,065	34,261	57,381	1,706	59,087
Profit for the period	-	-	-	-	-	1,652	1,652	(378)	1,274
Other comprehensive income									
Foreign currency translation loss	-	-	-	(3)	-	-	(3)	-	(3)
Other comprehensive income for the period, net of tax	-	-	-	(3)	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	-	(3)	-	1,652	1,649	(378)	1,271
Total transactions with equity holders of the Company	-	-	-	(3)	-	1,652	1,649	(378)	1,271
Balance at 31 December 2019	29,618	(267)	(7,338)	39	1,065	35,913	59,030	1,328	60,358

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							
	Share Capital \$'000	Treasury shares \$'000	Merger 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)	-	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
Profit and total comprehensive income for the period	-	-	-	-	118	118	-	118
Contribution by and distributions to equity holders								
Dividend	-	(66)	-	-	-	(66)	-	(66)
	-	(66)	-	-	-	(66)	-	(66)
Balance at 31 December 2018	29,618	(378)	-	75	16,896	46,211	-	46,211

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
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
Profit and total comprehensive income for the period	-	-	-	-	298	298	-	298
Balance at 31 December 2019	29,618	(267)	-	75	19,292	48,718	-	48,718

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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	-	-	(506,900)	506,900
As at 31 December	284,269,654	798,468	284,623,662	1,242,928
Percentage (%) of treasury shares against total number of shares outstanding as at 31 December		0.3%		0.4%

There were no subsidiary holdings and outstanding convertible instruments which may be converted to shares as at 31 December 2019 and 31 December 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 31.12.19	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		Group	
	Three Months Ended		Six Months Ended	
	31.12.19	31.12.18	31.12.19	31.12.18
Profit attributable to equity holders of the Company (\$'000)	1,652	1,331	2,801	2,127
Weighted average number of ordinary shares ⁽¹⁾	284,725,505	284,623,662	284,725,505	284,035,546
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	0.58	0.47	0.98	0.75

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 31.12.19	As at 30.06.19	As at 31.12.19	As at 30.06.19
NAV (\$'000)	59,030	57,431	48,718	47,501
Number of ordinary shares	284,269,654	284,269,654	284,269,654	284,269,654
NAV per ordinary share (cents)	20.77	20.20	17.14	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					Group				
	Three Months Ended					Six Months Ended				
	31.12.19		31.12.18		Change	31.12.19		31.12.18		Change
	\$'000	%	\$'000	%	%	\$'000	%	\$'000	%	%
R&R ⁽¹⁾	8,399	23.7	5,186	11.3	62.0	17,838	28.0	9,627	13.2	85.3
A&A ⁽¹⁾	14,198	40.0	30,466	66.4	(53.4)	24,186	37.9	45,478	62.2	(46.8)
C&P ⁽¹⁾	4,036	11.3	4,119	9.0	(2.0)	8,352	13.1	6,923	9.4	20.6
Others ⁽²⁾	8,859	25.0	6,097	13.3	45.3	13,397	21.0	11,105	15.2	20.6
	35,492	100.0	45,868	100.0	(22.6)	63,773	100.0	73,133	100.0	(12.8)

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

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Revenue decreased by \$10.4 million or 22.6% from \$45.9 million in 2QFY2019 to \$35.5 million in 2QFY2020 and decreased by \$9.4 million or 12.8% from \$73.1 million in 6MFY2019 to \$63.8 million in 6MFY2020. The decrease is mainly attributed to lower contribution from the A&A segment for the period under review.

In 2QFY2020, the revenue contributed by R&R and Others business segment increased but it was offset by decreased in revenue from A&A and C&P business segment.

In 6MFY2020, the revenue contributed by R&R, C&P and Others business segment increased but it was offset by decreased in revenue from A&A business segment.

Gross profit and gross profit margin

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Gross profit decreased by \$0.5 million or 9.7% from \$5.3 million in 2QFY2019 to \$4.8 million in 2QFY2020 and decreased by \$0.5 million or 4.5% from \$10.2 million in 6MFY2019 to \$9.7 million in 6MFY2020. However, gross profit margins improved due to higher margins contributed by the R&R and Others business segments.

Other income

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Other income increased by \$0.6 million or 313.8% from \$0.2 million in 2QFY2019 to \$0.8 million in 2QFY2020 and increased by \$0.8 million or 196.5% from \$0.4 million in 6MFY2019 to \$1.2 million in 6MFY2020. The increase was mainly due to gain on disposal of property, plant and equipment and higher government grant applicable to the Group.

Marketing and distribution expenses

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Marketing and distribution expenses decreased by \$0.1 million or 20.0% from \$0.3 million in 2QFY2019 to \$0.2 million in 2QFY2020 and decreased by \$0.1 million or 27.2% from \$0.6 million in 6MFY2019 to \$0.5 million in 6MFY2020. The decrease was mainly due to lower in motor vehicles related expenses.

General and administrative expenses

2QFY2020 vs 2QFY2019

General and administrative expenses increased by \$0.1 million or 2.4% from \$3.1 million in 2QFY2019 to \$3.2 million in 2QFY2020. The increase was mainly due to professional fees paid for corporate transactions.

6MFY2020 vs 6MFY2019

General and administrative expenses decreased by \$0.2 million or 3.3% from \$6.8 million in 2QFY2019 to \$6.6 million in 2QFY2020. This was mainly due to decrease in staff related expenses.

Finance costs

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Finance costs increased by \$0.2 million or 75.5% from \$0.3 million in 2QFY2019 to \$0.5 million in 2QFY2020 and increased by \$0.4 million or 78.3% from \$0.5 million in 6MFY2019 to \$0.9 million in 6MFY2020. This was mainly attributable to increase in borrowings to finance working capital needs for certain sizable projects.

Profit before tax

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

As a result of the above, the Group recorded a profit before tax of \$1.6 million in 2QFY2020 and \$2.7 million in 6MFY2020 as compared to a profit before tax of \$1.7 million in 2QFY2019 and \$2.4 million in 6MFY2019.

Tax expenses

2QFY2020 vs 2QFY2019 & 6MFY2020 vs 6MFY2019

Tax expenses decreased by \$0.1 million or 27.5% from \$0.4 million in 2QFY2019 to \$0.3 million in 2QFY2020 and decreased by \$0.1 million or 14.0% from \$0.6 million in 6MFY2019 to \$0.5 million in 6MFY2020. The decrease was mainly due to overprovision of taxation in prior year and decreased in deferred tax expenses.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets decreased by \$0.5 million or 1.2% from \$44.1 million as at 30 June 2019 to \$43.5 million as at 31 December 2019, mainly due to the depreciation of property, plant and equipment ("PPE") and investment property and disposal of PPE.

Current assets

Current assets increased by \$8.0 million or 10.1% from \$78.9 million as at 30 June 2019 to \$86.9 million as at 31 December 2019 was attributed mainly due to an increase in contract assets, trade and other receivables which were partially offset by a decrease in inventories and cash and bank balances.

Non-current liabilities

Non-current liabilities decreased by \$0.4 million or 3.1% from \$13.6 million as at 30 June 2019 to \$13.2 million as at 31 December 2019 mainly due to repayment of bank borrowings.

Current liabilities

Current liabilities increased by \$7.1 million or 14.2% from \$49.8 million as at 30 June 2019 to \$56.9 million as at 31 December 2019 mainly due to the increase in contract liabilities, trade and other payables, tax payables and drawdown of bank borrowings which were partially offset by repayment of finance lease liabilities.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash (used in)/ generated from operating activities

2QFY2020 and 6MFY2020

Net cash used in operating activities amounted to \$3.5 million in 2QFY2020 and \$1.6 million in 6MFY2020 mainly due to an increase in contract assets/liabilities and trade and other receivables which were offset by an increase in operating cash flow before changes in working capital, trade and other payables and decrease in inventories.

Net cash used in investing activities

2QFY2020 and 6MFY2020

Net cash used in investing activities amounted to \$0.1 million in 2QFY2020 and \$0.3 million in 6MFY2020 mainly due to the purchase of PPE which was partially offset by proceeds from disposal of PPE.

Net cash generated from/ (used in) financing activities

2QFY2020

Net cash generated from financing activities of \$0.7 million in 2QFY2020 was mainly due to drawdown of bank borrowings which were partially offset by dividend paid, repayment of bank borrowings and finance lease.

6MFY2020

Net cash used in financing activities of \$1.0 million in 6MFY2020 was mainly due to dividend paid, repayment of bank borrowings and finance lease which were partially offset by due to related parties (non-trade) and 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 has completed the acquisition of the Pure Group entities and the acquisition of assets from Singapore Mobike Pte Ltd. With the acquisition of the Pure Group entities, the Group will be able to offer project consultancy and turnkey solutions. The Group will also increase its geographical reach to other South East Asian countries. With the acquisition of Mobike's assets, the Group is the market leader in the bike sharing industry in Singapore.

The Group's order book as at 31 January 2020 stands at \$133.3 million which is expected to be delivered over the next two years. These include development, upgrading and maintenance works for the Singapore Botanic Gardens, Jurong Lake Gardens, Fort Canning Park, the Istana from National Park Board and Lentor MRT architectural finishing works from Land Transport Authority.

The Group will continue to leverage its solid track record and proven expertise to tender actively for public and private sector projects.

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 2QFY2020.

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 6MFY2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

David Ng Cheng Lian
Executive Chairman
13 February 2020

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. It has not been examined or approved by the and the Exchange 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 Ms Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.