



ISOTEAM

ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020

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 Period Ended 31 December 2020 ("1H FY2021")

	Group			
	Note	Six Months Ended		Change %
		31.12.20	31.12.19	
		(Unaudited)	(Unaudited)	
	\$'000	\$'000		
Income Statement				
Revenue		36,713	63,773	(42.4)
Cost of sales		(36,548)	(54,078)	(32.4)
Gross profit		165	9,695	(98.3)
Other income	(a)	4,624	1,186	289.9
Marketing and distribution expenses		(422)	(461)	(8.5)
General and administrative expenses		(5,696)	(6,594)	(13.6)
Finance costs		(672)	(947)	(29.0)
Impairment loss on contract assets		(915)	-	-
Other operating expenses		(3,902)	(190)	N/M
Share of results of associate		(10)	(22)	(54.5)
(Loss)/profit before tax	(b)	(6,828)	2,667	N/M
Tax credit/ (expense)		288	(522)	(155.2)
(Loss)/profit for the period		(6,540)	2,145	N/M
(Loss)/profit attributable to:				
Equity holders of the Company		(5,995)	2,801	N/M
Non-controlling interests		(545)	(656)	(16.9)
		(6,540)	2,145	N/M

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

	Group			
	Note	Six Months Ended		Change
		31.12.20	31.12.19	
		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	
Statement of Comprehensive Income (Loss)/profit for the period		(6,540)	2,145	N/M
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation gain/(loss)		12	(6)	220.0
Other comprehensive income/(loss) for the period, net of tax		12	(6)	220.0
Total comprehensive (loss)/income for the period		(6,528)	2,139	N/M
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(5,985)	2,796	N/M
Non-controlling interests		(543)	(657)	(17.4)
		(6,528)	2,139	N/M

"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		
		Six Months Ended		
		31.12.20	31.12.19	Change
		(Unaudited)	(Unaudited)	
		\$'000	\$'000	%
(a)	<u>Other income</u>			
	Government grants	1,861	707	163.2
	Gain on disposal of property, plant and equipment	2,204	100	N/M
	Interest income	82	51	60.8
	Administrative income	50	24	108.3
	Foreign exchange gain	98	41	139.0
	Sales of spare parts	36	87	(58.6)
	Others	293	176	66.5
		4,624	1,186	
(b)	<u>(Loss)/profit before tax</u>			
	This is arrived at after charging/(crediting):			
	Depreciation of property, plant and equipment	2,452	1,938	26.5
	Depreciation of investment property	9	9	-
	Net gain on disposal of property, plant and equipment	(2,203)	(83)	N/M
	Property, plant and equipment written off	29	-	N/M
	Amortisation of intangible assets	194	336	(42.3)
	Share of results of associate	10	22	(54.5)
	Impairment losses of goodwill	3,758	34	N/M
	Allowance for doubtful receivables	25	-	N/M
	Bad debts written off	18	-	N/M
	Impairment losses on contract assets	915	-	N/M
	Bad debts recovered	(9)	-	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 31.12.20	As at 30.06.20	As at 31.12.20	As at 30.06.20
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	29,349	29,672	77	95
Goodwill	5,437	9,195	-	-
Investment property	-	893	-	-
Intangible assets	2,367	2,526	36	-
Investment in subsidiaries	-	-	35,780	39,781
Investment in associate	393	368	265	265
Other investments	6,380	6,380	6,380	6,380
	43,926	49,034	42,538	46,521
<u>Current assets</u>				
Contract assets	29,137	21,874	-	-
Asset held for sale	885	2,330	-	-
Inventories	1,054	1,510	-	-
Tax recoverable	56	25	-	-
Trade and other receivables	31,999	32,473	20,322	24,195
Cash and bank balances	13,976	12,584	295	132
Total current assets	77,107	70,796	20,617	24,327
Total assets	121,033	119,830	63,155	70,848
<u>Non-current liabilities</u>				
Deferred tax liabilities	571	670	4	4
Lease liabilities	3,227	2,035	-	-
Borrowings	16,273	10,943	-	-
Total non-current liabilities	20,071	13,648	4	4
<u>Current liabilities</u>				
Contract liabilities	1,423	1,213	-	-
Borrowings	29,750	29,938	8,000	12,035
Trade and other payables	26,428	25,180	6,040	5,653
Lease liabilities	989	1,241	-	-
Total current liabilities	58,590	57,572	14,040	17,688
Total liabilities	78,661	71,220	14,044	17,692
Net assets	42,372	48,610	49,111	53,156

	Group		Company	
	As at 31.12.20	As at 30.06.20	As at 31.12.20	As at 30.06.20
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Share capital and reserves				
Share capital	43,743	43,743	43,743	43,743
Treasury shares	(3)	(350)	(3)	(350)
Accumulated profits	7,428	13,423	5,353	9,688
Foreign currency translation reserve	(13)	(23)	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserves	(89)	(32)	18	75
Equity attributable to equity holders of the Company	43,728	49,423	49,111	53,156
Non-controlling interests	(1,356)	(813)	-	-
Total equity	42,372	48,610	49,111	53,156

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

	Group		Group	
	As at 31.12.20		As at 30.06.20	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	30,739	-	28,881	2,035
Amount repayable after one year	19,500	-	18,261	-
	50,239	-	47,142	2,035

Details of any collaterals

- (a) Bank borrowings amounting to \$46.0 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; and
 - (iv) corporate guarantee from the Company and a subsidiary.
- (b) Lease liabilities of the Group amounting to \$4.2 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 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	
		Six Months Ended	
		31.12.20	31.12.19
		(Unaudited)	(Unaudited)
		\$'000	\$'000
Cash flows from operating activities			
(Loss)/ profit before income tax		(6,828)	2,667
Adjustment for: -			
Depreciation of property, plant and equipment		2,452	1,938
Depreciation of investment property		9	9
Net gain on disposal of property, plant and equipment		(2,203)	(83)
Property, plant and equipment written off		29	-
Amortisation of intangible assets		194	336
Allowance for doubtful receivables		25	34
Bad debts recovered		(9)	-
Bad debts written off		18	-
Rental waiver		(9)	-
Impairment losses on goodwill		3,758	-
Impairment losses on contract assets		915	-
Share of results of associate		10	21
Interest income		(82)	(51)
Interest expense		638	902
Operating cash flows before working capital changes		(1,083)	5,773
Contract assets		(8,178)	(8,314)
Contract liabilities		210	-
Inventories		456	706
Trade and other receivables		(4,483)	(3,014)
Trade and other payables		8,193	4,319
Cash used in operations		(4,885)	(530)
Interest received		82	59
Tax refund/ (paid)		157	(241)
Net cash used in operating activities		(4,646)	(712)
Cash flows from investing activities			
Additions to intangible assets		(35)	-
Purchases of property, plant and equipment		(535)	(389)
Proceeds from sale of property		4,500	-
Proceeds from disposal of property, plant and equipment		76	118
Net cash generated from/(used in) investing activities		4,006	(271)

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

	Note	Group	
		Six Months Ended	
		31.12.20	31.12.19
		(Unaudited)	(Unaudited)
		\$'000	\$'000
Cash flows from financing activities			
Dividend paid		-	(1,197)
Due to related parties (non-trade)		6,005	260
Fixed deposits pledged to banks		495	(5)
Drawdown of bank borrowings		16,741	2,617
Repayment of bank borrowings		(18,225)	(2,043)
Interest paid		(700)	(902)
Repayment of lease liabilities		(725)	(675)
Net cash generated from/(used in) financing activities		3,591	(1,945)
Net increase/(decrease) in cash and cash equivalents		2,951	(2,928)
Cash and cash equivalents at beginning of financial period		8,920	5,199
Cash and cash equivalents at end of financial period		11,871	2,271

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	
		Six Months Ended	
		31.12.20	31.12.19
		(Unaudited)	(Unaudited)
		\$'000	\$'000
Cash in hand and at bank		11,147	3,391
Fixed deposits		2,829	3,045
		13,976	6,436
Less: Fixed deposits pledged		(1,915)	(2,805)
Less: Bank overdrafts		(190)	(1,360)
		11,871	2,271

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 2019	29,618	(267)	(7,338)	44	1,065	34,309	57,431	2,123	59,554
Profit/(loss) for the period	-	-	-	-	-	2,801	2,801	(656)	2,145
Other comprehensive income									
Foreign currency translation loss	-	-	-	(5)	-	-	(5)	(1)	(6)
Other comprehensive loss for the period, net of tax	-	-	-	(5)	-	-	(5)	(1)	(6)
Total comprehensive income for the period	-	-	-	(5)	-	2,801	2,796	(657)	2,139
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,197)	(1,197)	(102)	(1,299)
	-	-	-	-	-	(1,197)	(1,197)	(102)	(1,299)
Total transactions with equity holders of the Company	-	-	-	-	-	(1,197)	(1,197)	(102)	(1,299)
Balance at 31 December 2019	29,618	(267)	(7,338)	39	1,065	35,913	59,030	1,364	60,394

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 2020	43,743	(350)	(7,338)	(23)	(32)	13,423	49,423	(813)	48,610
Loss for the period	-	-	-	-	-	(5,995)	(5,995)	(545)	(6,540)
Other comprehensive income									
Foreign currency translation gain	-	-	-	10	-	-	10	2	12
Other comprehensive income for the period, net of tax	-	-	-	10	-	-	10	2	12
Total comprehensive loss for the period	-	-	-	10	-	(5,995)	(5,985)	(543)	(6,528)
Contribution by and distributions to equity holders									
Purchase of treasury shares	-	347	-	-	(57)	-	290	-	290
	-	347	-	-	(57)	-	290	-	290
Total transactions with equity holders of the Company	-	347	-	-	(57)	-	290	-	290
Balance at 31 December 2020	43,743	(3)	(7,338)	(13)	(89)	7,428	43,728	(1,356)	42,372

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	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)	-	-	75	18,075	47,501	-	47,501
Profit and total comprehensive income for the period	-	-	-	-	-	2,414	2,414	-	2,414
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,197)	(1,197)	-	(1,197)
	-	-	-	-	-	(1,197)	(1,197)	-	(1,197)
Balance at 31 December 2019	29,618	(267)	-	-	75	19,292	48,718	-	48,718

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	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 2020	43,743	(350)	-	-	75	9,688	53,156	-	53,156
Profit and total comprehensive loss for the period	-	-	-	-	-	(4,335)	(4,335)	-	(4,335)
Contribution by and distributions to equity holders									
Purchase of treasury shares	-	347	-	-	(57)	-	290	-	290
	-	347	-	-	(57)	-	290	-	290
Balance at 31 December 2020	43,743	(3)	-	-	18	5,353	49,111	-	49,111

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.

Treasury Shares	Financial Year 2021		Financial Year 2020	
	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
As at 1 July	347,068,122	1,298,468	285,068,122	798,468
Treasury shares reissued pursuant to the acquisition of a subsidiary	1,284,109	(1,284,109)	-	-
As at 31 December	348,352,231	14,359	285,068,122	798,468
Percentage (%) of treasury shares against total number of shares outstanding as at 31 December		0.0%		0.3%

Warrants	Financial Year 2021	Financial Year 2020
	Warrants	Warrants
As at 1 July	59,893,365	-
Warrants expiry	(11,848,341)	-
As at 31 December	48,045,024	-
Percentage (%) of warrants against total number of shares outstanding as at 31 December	13.8%	-

Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at their respective exercise prices. As at 31 December 2020, there were 11,848,341 warrants which has expired.

There were no subsidiary holdings as at 31 December 2020 and 31 December 2019.

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 31.12.20	As at 30.06.20
Number of ordinary shares issued and fully paid	348,366,590	348,366,590
Treasury shares	(14,359)	(1,298,468)
Number of ordinary shares issued and fully paid (excluding treasury shares)	348,352,231	347,068,122

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.

On 16 July 2020, 1,284,109 treasury shares were transferred as settlement for balance 50% of the third tranche consideration for the acquisition of ISO-Integrated M&E Pte. Ltd.

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 statements for the current financial year as those used in the most recently audited financial statements for the year ended 30 June 2020. The adoption of new/revised FRS and INT FRS has no material financial impact on the financial statements.

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

Not applicable.

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	
	Six Months Ended	
	31.12.20	31.12.19
(Loss)/profit attributable to equity holders of the Company (\$'000)	(5,995)	2,801
Weighted average number of ordinary shares ⁽¹⁾	346,908,893	285,068,122
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	(1.73)	0.98

Notes:

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

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 31.12.20	As at 30.06.20	As at 31.12.20	As at 30.06.20
NAV (\$'000)	43,728	49,423	49,111	53,156
Number of ordinary shares	348,352,231	347,068,122	348,352,231	347,068,122
NAV per ordinary share (cents)	12.55	14.24	14.10	15.32

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 reporting on.

REVIEW OF FINANCIAL PERFORMANCE

Revenue	Group				
	Six Months Ended				
	31.12.20		31.12.19		Change
	\$'000	%	\$'000	%	%
Repair & Redecoration	13,691	37.3	17,838	28.0	(23.2)
Addition & Alteration	11,088	30.2	24,186	37.9	(55.2)
Coating & Painting	2,124	5.8	8,352	13.1	(74.6)
Others ⁽¹⁾	9,810	26.7	13,397	21.0	(26.8)
	36,713	100.0	63,773	100.0	(42.4)

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, project management and handyman service.

Revenue

1H FY2020 Vs 1H FY2021

Group revenue decreased by \$27.0 million or 42.4% from \$63.7 million in 1H FY2020 to \$36.7 million in 1H FY2021 was mainly due to the adverse impact of COVID-19 on the Group's businesses, including re-scheduling, execution and extension of projects, as well as other operational constraints.

Gross profit

1H FY2020 Vs 1H FY2021

The Group's gross profit decreased by \$9.5 million or 98.3% from \$9.7 million in 1H FY2020 to \$0.2 million in 1H FY2021 mainly due to the decline in revenue.

Other income

1H FY2020 Vs 1H FY2021

The Group's other income increased by \$3.4 million or 289.9% from \$1.2 million in 1H FY2020 to \$4.6 million in 1H FY2021. The increased was mainly due to the gain on disposal of property and government grants income.

Marketing and distribution expenses

1H FY2020 Vs 1H FY2021

There were no material changes in the Group's marketing and distribution expenses during the financial period under review.

General and administrative expenses

1H FY2020 Vs 1H FY2021

The Group's general and administrative expenses decreased by \$0.9 million or 13.6% from \$6.6 million in 1H FY2020 to \$5.7 million in 1H FY2021. The decrease was mainly attributable to the reduction in salaries and the receipt of foreign worker levy rebates and waiver.

Finance costs

1H FY2020 Vs 1H FY2021

The Group's finance costs decreased by \$0.3 million or 29.0% from \$0.9 million in 1H FY2020 to \$0.6 million in 1H FY2021. This was mainly due to lower interest rate incurred on bank borrowings.

Other operating expenses

1H FY2020 Vs 1H FY2021

The Group's other operating expenses increased by \$3.7 million from \$0.2 million in 1H FY2020 to \$3.9 million in 1H FY2021. The increased was mainly attributable to impairment of goodwill.

(Loss)/profit before tax

1H FY2020 Vs 1H FY2021

As a result of the above, the Group recorded a loss before tax of \$6.8 million in 1H FY2021 compared to a profit before tax of \$2.6 million in 1H FY2020.

Tax expenses

1H FY2020 Vs 1H FY2021

The Group's tax expenses decreased by \$0.8 million or 155.5% from \$0.5 million tax expense in 1H FY2020 to \$0.3 million tax credit in 1H FY2021. The decrease was mainly due to reduction in deferred tax liabilities.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by \$5.1 million or 10.4% from \$49.0 million as at 30 June 2020 to \$43.9 million as at 31 December 2020, mainly due to the impairment of goodwill.

Current assets

The increased in current assets of \$6.3 million or 8.9% from \$70.8 million as at 30 June 2020 to \$77.1 million as at 31 December 2020 was mainly due to the increase in contract assets and cash and bank balances offset by the decreased in inventories and trade and other receivables.

Non-current liabilities

The increased in non-current liabilities of S\$6.4 million or 47.1% from \$13.6 million as at 30 June 2020 to \$20.0 million as at 31 December 2020 was mainly due to the increased in borrowings.

Current liabilities

The increase in current liabilities of \$1.0 million or 1.8% from \$57.6 million as at 30 June 2020 to \$58.6 million as at 31 December 2020 was mainly due to the increase in trade and other payables.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash used in operating activities

1H FY2020 Vs 1H FY2021

Net cash used in operating activities amounted to \$4.6 million in 1H FY2021 was mainly due to increase in trade and other receivables and contract assets which was offset by the increased in trade and other payables.

Net cash generated from/(used in) investing activities

1H FY2020 Vs 1H FY2021

Net cash generated from investing activities amounted to \$4.0 million in 1H FY2021 was mainly due to the proceeds from sale of property.

Net cash generated from/(used in) financing activities

1H FY2020 Vs 1H FY2021

Net cash generated from financing activities of \$3.6 million in 1H FY2021 was mainly due to drawdown of bank borrowings and increase in payables to related parties which were partially offset by repayment of bank borrowings and lease liabilities.

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 coronavirus pandemic continues to undermine the global economy and business environment as some countries re-impose lockdowns amid virus resurgence. This is likely to slow down the recovery of businesses.

According to the Ministry of Trade and Industry Singapore (“MTI”) advanced estimates released on 4 January 2021, Singapore’s GDP contracted by 5.8% for the whole 2020 amid the disruption to economic activities caused by the Covid-19 pandemic. The construction sector contracted by a further 28.5% year-on-year in the fourth quarter of 2020, after falling 46.2% in the third quarter.

Against this backdrop, the Group expects operating conditions in the construction sector to remain challenging. The pace of resumption of construction activities have been slow and is expected to continue to be limited by manpower deployment challenges coupled with higher cost and time needed to comply with COVID-safe management measures. Amid the evolving COVID-19 situation in the region, the supply chain for materials may be disrupted which may result in higher costs to complete the projects.

Despite the challenging operating environment, the Group has secured projects worth approximately S\$42.2 million in aggregate as announced on 7 December 2020 and 21 January 2021. As at 31 January 2021, the Group’s construction order book stands at S\$193.3 million, which should support the Group’s activities through FY2023. The Group will continue to leverage on its solid track record and proven expertise to tender for public and private sector projects.

The Group continues to prioritise cash conservation and cost control, and will exercise caution when exploring business opportunities in the region during this pandemic.

11 Dividend

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

No dividend recommended to be declared.

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

No dividend recommended to be declared.

11 Dividend (Cont'd)

(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 Board has decided that, in view of the present uncertainty in the market outlook and business environment, it would be prudent not to declare dividend for the current financial period.

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 1H FY2021 to be false or misleading in any material aspect.

Part II – ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 706A

16 Incorporation of an associate, ISOTeam FP Pte. Ltd.

As announced in the FY2020 Annual Report, on 19 November 2020, the Company's wholly-owned subsidiary, ISOTeam C&P Pte. Ltd., had incorporated an associate company, ISOTeam FP Pte. Ltd. ("Associate") for a consideration of \$350 which represent 35% shareholding of the Associate. The principal business of the Associate is the provision of other specialised construction and related activities. The Company's investment in the Associate is funded by internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 30 June 2021.

BY ORDER OF THE BOARD

David Ng Cheng Lian

Executive Chairman

8 February 2021

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 Exchange 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 Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.