



ISOTEAM

ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group				Group		
	Note	Six Months Ended		Change	Twelve Months Ended		Change
		30.06.21	30.06.20		30.06.21	30.06.20	
		\$'000	\$'000 (restated)	%	\$'000	\$'000 (restated)	%
Income Statement							
Revenue	3	62,274	27,920	123.0	98,987	91,693	8.0
Cost of sales		(61,986)	(35,687)	73.7	(98,534)	(89,765)	9.8
Gross profit/ (loss)		288	(7,767)	(103.4)	453	1,928	(76.5)
Other income	4	1,691	458	269.2	6,315	1,644	284.1
Marketing and distribution expenses		(406)	(422)	(3.8)	(828)	(883)	(6.2)
General and administrative expenses		(6,902)	(9,743)	(29.2)	(12,573)	(16,303)	(22.9)
Finance costs	5	(830)	(895)	(7.3)	(1,502)	(1,842)	(18.5)
Impairment loss on receivables and contract assets		(1,718)	(1,866)	(7.9)	(2,658)	(1,900)	39.9
Other operating expenses		(1,801)	(6,676)	(73.0)	(5,703)	(6,866)	(16.9)
Share of results of associate		3	(48)	(106.3)	(7)	(70)	(90.0)
Loss before tax	6	(9,675)	(26,959)	(64.1)	(16,503)	(24,292)	(32.1)
Tax credit	7	711	848	(16.2)	999	326	206.4
Loss for the period/year		(8,964)	(26,111)	(65.7)	(15,504)	(23,966)	(35.3)
Loss attributable to:							
Equity holders of the Company		(8,550)	(24,357)	(64.9)	(14,545)	(21,556)	(32.5)
Non-controlling interests		(414)	(1,754)	(76.4)	(959)	(2,410)	(60.2)
		(8,964)	(26,111)	(65.7)	(15,504)	(23,966)	(35.3)

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

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Con't)

	Group				Group			
	Note	Six Months Ended		Change	Twelve Months Ended		Change	
		30.06.21	30.06.20		30.06.21	30.06.20		
		\$'000	\$'000 (restated)	%	\$'000	\$'000 (restated)	%	
Statement of Comprehensive Income								
Loss for the period/year		(8,964)	(26,111)	(65.7)	(15,504)	(23,966)	(35.3)	
Other comprehensive income:								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation (loss)/gain		(9)	(67)	(86.6)	3	(72)	(104.2)	
Other comprehensive (loss)/income for the period/year, net of tax		(9)	(67)	(86.6)	3	(72)	(104.2)	
Total comprehensive loss for the period/year		(8,973)	(26,178)	(65.7)	(15,501)	(24,038)	(35.5)	
Total comprehensive loss attributable to:								
Equity holders of the Company		(8,558)	(24,420)	(65.0)	(14,543)	(21,623)	(32.7)	
Non-controlling interests		(415)	(1,758)	(76.4)	(958)	(2,415)	(60.3)	
		(8,973)	(26,178)	(65.7)	(15,501)	(24,038)	(35.5)	

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

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30.06.21	As at 30.06.20	As at 30.06.21	As at 30.06.20
		\$'000	\$'000 (restated)	\$'000	\$'000 (restated)
Assets					
<u>Non-current assets</u>					
Property, plant and equipment		28,963	28,664	-	95
Goodwill	11	3,837	9,195	-	-
Investment property		-	893	-	-
Intangible assets	13	2,303	2,526	156	-
Investment in subsidiaries		-	-	34,068	39,781
Investment in associate		48	368	-	265
Other investments	12	7,980	6,380	7,980	6,380
		43,131	48,026	42,204	46,521
<u>Current assets</u>					
Contract assets		20,476	21,874	-	-
Asset held for sale		348	2,330	265	-
Inventories		677	1,510	-	-
Tax recoverable		65	25	-	-
Trade and other receivables		41,711	32,473	20,184	24,195
Cash and bank balances		15,493	12,584	666	132
Total current assets		78,770	70,796	21,115	24,327
Total assets		121,901	118,822	63,319	70,848
<u>Non-current liabilities</u>					
Lease liabilities	14	4,748	2,035	-	-
Deferred tax liabilities		578	670	4	4
Loans and borrowings	14	16,923	10,943	-	-
Total non-current liabilities		22,249	13,648	4	4
<u>Current liabilities</u>					
Contract liabilities		1,512	1,215	-	-
Loans and borrowings	14	27,662	29,938	7,800	12,035
Trade and other payables		36,314	25,180	6,936	5,653
Lease liabilities	14	1,775	1,241	-	-
Total current liabilities		67,263	57,574	14,736	17,688
Total liabilities		89,512	71,222	14,740	17,692
Net assets		32,389	47,600	48,579	53,156

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Con't)

	Note	Group		Company	
		As at 30.06.21	As at 30.06.20	As at 30.06.21	As at 30.06.20
		\$'000	\$'000 (restated)	\$'000	\$'000 (restated)
Share capital and reserves					
Share capital	15	43,743	43,743	43,743	43,743
Treasury shares	16	(3)	(350)	(3)	(350)
Accumulated (losses)/profits		(1,637)	11,442	4,821	8,222
Foreign currency translation reserve		(21)	(23)	-	-
Merger reserve		(7,338)	(7,338)	-	-
Other reserves		(89)	1,434	18	1,541
Equity attributable to equity holders of the Company		34,655	48,908	48,579	53,156
Non-controlling interests		(2,266)	(1,308)	-	-
Total equity		32,389	47,600	48,579	53,156

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Merger reserve	Foreign currency translation reserve	Other reserves	Accumulated Profits / (losses)	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 July 2020, restated	43,743	(350)	(7,338)	(23)	1,434	11,442	48,908	(1,308)	47,600
Loss for the year	-	-	-	-	-	(14,545)	(14,545)	(959)	(15,504)
Other comprehensive income									
Foreign currency translation gain	-	-	-	2	-	-	2	1	3
Other comprehensive income for the year, net of tax	-	-	-	2	-	-	2	1	3
Total comprehensive income for the year	-	-	-	2	-	(14,545)	(14,543)	(958)	(15,501)
Contribution by and distributions to equity holders									
Treasury shares reissued pursuant to acquisition of a subsidiary	-	347	-	-	(57)	-	290	-	290
Extinguishment of expired warrants	-	-	-	-	(1,466)	1,466	-	-	-
	-	347	-	-	(1,523)	1,466	290	-	290
Total transactions with equity holders of the Company	-	347	-	-	(1,523)	1,466	290	-	290
Balance at 30 June 2021	43,743	(3)	(7,338)	(21)	(89)	(1,637)	34,655	(2,266)	32,389

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Attributable to equity holders of the Company

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
Loss for the year, restated	-	-	-	-	-	(21,556)	(21,556)	(2,410)	(23,966)
Other comprehensive income									
Foreign currency translation loss	-	-	-	(67)	-	-	(67)	(5)	(72)
Other comprehensive income for the year, net of tax	-	-	-	(67)	-	-	(67)	(5)	(72)
Total comprehensive loss for the year	-	-	-	(67)	-	(21,556)	(21,623)	(2,415)	(24,038)
Contribution by and distributions to equity holders									
Issuance of new shares	14,125	-	-	-	-	-	14,125	-	14,125
Dividend	-	-	-	-	-	(1,197)	(1,197)	(102)	(1,299)
Acquisition of non-controlling interest without the change in control	-	-	-	-	(1,097)	(114)	(1,211)	(914)	(2,125)
Purchase of treasury shares	-	(83)	-	-	-	-	(83)	-	(83)
Issuance of warrants pursuant to acquisition of subsidiaries	-	-	-	-	1,466	-	1,466	-	1,466
	14,125	(83)	-	-	369	(1,311)	13,100	(1,016)	12,084
Total transactions with equity holders of the Company	14,125	(83)	-	-	369	(1,311)	13,100	(1,016)	12,084
Balance at 30 June 2020	43,743	(350)	(7,338)	(23)	1,434	11,442	48,908	(1,308)	47,600

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Cont'd)

The Company	Share Capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2019	29,618	(267)	75	18,075	47,501
Loss and total comprehensive loss for the year, restated	-	-	-	(8,656)	(8,656)
Contribution by and distributions to equity holders					
Issue of shares	14,125	-	-	-	14,125
Dividend	-	-	-	(1,197)	(1,197)
Issuance of warrants pursuant to acquisition of subsidiaries	-	-	1,466	-	1,466
Purchase of treasury shares	-	(83)	-	-	(83)
	14,125	(83)	1,466	(1,197)	14,311
Balance at 30 June 2020, restated and 1 July 2020	43,743	(350)	1,541	8,222	53,156
Loss and total comprehensive loss for the year	-	-	-	(4,867)	(4,867)
Contribution by and distributions to equity holders					
Purchase of treasury shares	-	347	(57)	-	290
Extinguishment of expired warrants	-	-	(1,466)	1,466	-
	-	347	(1,523)	1,466	290
Balance at 30 June 2021	43,743	(3)	18	4,821	48,579

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
	\$'000	\$'000 (restated)	\$'000	\$'000 (restated)
Cash flows from operating activities				
Loss before income tax	(9,675)	(26,959)	(16,503)	(24,292)
Adjustment for: -				
Depreciation of property, plant and equipment	2,583	2,506	5,035	4,444
Depreciation of investment property	-	9	8	18
Net loss/(gain) on disposal of property, plant and equipment and asset held for sale	17	11	(2,186)	(72)
Property, plant and equipment written off	85	-	114	-
Interest income	(134)	(22)	(216)	(73)
Interest expense	764	833	1,402	1,735
Amortisation of intangible assets	251	503	445	839
Intangible assets written off	23	-	23	-
Allowance for impairment on receivables and contract assets (net)	1,718	1,866	2,658	1,900
Bad debts written back	(3)	-	(12)	-
Bad debts written off	95	1,395	113	1,395
Inventory written off	137	-	137	-
Fair value (gain)/loss of investment in securities	(693)	331	(693)	331
Gain on distribution from other investment	(907)	-	(907)	-
Bargain purchase from acquisition of a business	-	(299)	-	(299)
Loss on derecognition of financial assets	-	48	-	48
Rental waiver	-	-	(9)	-
Impairment loss of goodwill	1,600	5,802	5,358	5,802
Impairment loss of intangible assets	-	651	-	651
Share of results of associate	(3)	48	7	70
Operating cash flows before working capital changes	(4,142)	(13,277)	(5,226)	(7,503)
Contract assets	7,053	17,194	(1,125)	8,880
Contract liabilities	89	62	299	62
Inventories	240	(339)	696	367
Trade and other receivables	(3,662)	7,661	(8,145)	4,646
Trade and other payables	4,295	(7,675)	12,488	(3,356)
Cash generated from/(used in) operations	3,873	3,626	(1,013)	3,096
Interest received	134	23	216	82
Tax received / (paid)	572	(232)	729	(473)
Net cash generated from/(used in) operating activities	4,579	3,417	(68)	2,705
Cash flows from investing activities				
Additions to intangible assets	(115)	-	(150)	-
Purchases of property, plant and equipment	(425)	(208)	(960)	(597)
Proceeds from disposal of other investments	-	975	-	975
Proceeds from disposal of property, plant and equipment	169	138	4,745	256
Net cash outflows on acquisition of subsidiaries	-	(12,000)	-	(12,000)
Net cash outflows from acquisition of business	-	(597)	-	(597)
Net cash (used in)/ generated from investing activities	(371)	(11,692)	3,635	(11,963)

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
	\$'000	\$'000 (restated)	\$'000	\$'000 (restated)
Cash flows from financing activities				
Fixed deposits withdraw from/ (pledged to) banks	467	(306)	1,664	(311)
Proceeds from issuance of ordinary shares	-	12,000	-	12,000
Dividend paid	-	-	-	(1,197)
Purchase of treasury shares	-	(83)	-	(83)
Due to related parties (non-trade)	225	(100)	6,230	160
Drawdown of bank borrowings	999	11,340	17,740	13,957
Repayment of bank borrowings	(2,385)	(7,225)	(20,610)	(9,268)
Interest paid	(651)	(518)	(1,351)	(1,420)
Repayment of lease liabilities	(875)	(885)	(1,600)	(1,560)
Net cash (used in)/ generated from financing activities	(2,220)	14,223	2,073	12,278
Net increase in cash and cash equivalents	1,988	5,948	5,640	3,020
Cash and cash equivalents at beginning of financial period/year	11,871	2,271	8,219	5,199
Cash and cash equivalents at end of financial period/ year	13,859	8,219	13,859	8,219

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	
	Six Months Ended		Twelve Months Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	13,132	9,262	13,132	9,262
Fixed deposits	2,361	3,322	2,361	3,322
	15,493	12,584	15,493	12,584
Less: Fixed deposits pledged	(1,447)	(3,111)	(1,447)	(3,111)
Less: Bank overdrafts	(187)	(1,254)	(187)	(1,254)
	13,859	8,219	13,859	8,219

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

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

The registered office and principal place of business of the Company is at No. 8 Changi North Street 1, Singapore 498829.

The principal activities of the Group are provision of repair and redecoration services, addition and alteration services, provision of coating and painting services and others including revenue from home retrofitting business, landscaping works, interior designs, leasing, green solutions business, mechanical & electrical engineering works, project management and handyman services.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the financial statements for the year ended 30 June 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars ("S") which is the Company's functional currency and all values are rounded to the nearest thousand ("S'000") as indicated.

2.1. New and amended standard adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period/year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.2. Use of judgements and estimates (Cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 11: Impairment testing of goodwill - Key assumptions underlying recoverable amounts

3. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Repairs & Redecoration ("R&R")
- Segment 2: Addition & Alteration ("A&A")
- Segment 3: Coating & Painting ("C&P")
- Segment 4: Others included revenue from home retrofitting business, landscaping works, interior design, leasing, green solutions business, mechanical & electrical engineering works, project management and handyman service.

These operating segments are a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3.1 Operating segments

1 January 2021 to 30 June 2021	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	15,780	25,935	5,025	15,534	62,274
Segment profit/(loss)	1,772	(6,176)	1,115	348	(2,941)
Depreciation and amortisation					(2,834)
Other non-cash expense					(3,207)
Interest income					134
Finance costs					(830)
Share of results of associate					3
Loss before tax					(9,675)
Segment assets	14,919	25,757	5,056	24,910	70,642
Unallocated assets					51,259
Total assets					121,901
Segment liabilities	6,442	11,505	16	19,056	37,019
Unallocated liabilities					52,493
Total liabilities					89,512

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3.1. Operating segments (cont'd)

1 January 2020 to 30 June 2020	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000 restated
Segment revenue	8,431	7,888	2,919	8,682	27,920
Segment (loss)	(1,986)	(7,948)	(354)	(5,372)	(15,660)
Depreciation and amortisation					(3,037)
Other non-cash expense					(7,340)
Interest income					22
Finance costs					(895)
Share of results of associate					(49)
Loss before tax					(26,959)
Segment assets	10,052	15,716	5,191	31,369	62,328
Unallocated assets					56,494
Total assets					118,822
Segment liabilities	2,135	5,060	37	13,842	21,074
Unallocated liabilities					50,148
Total liabilities					71,222
1 July 2020 to 30 June 2021	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	29,471	38,772	7,148	23,596	98,987
Segment profit/(loss)	4,671	(7,710)	1,137	60	(1,842)
Depreciation and amortisation					(5,488)
Other non-cash expense					(7,880)
Interest income					216
Finance costs					(1,502)
Share of results of associate					(7)
Loss before tax					(16,503)
Segment assets	14,919	25,757	5,056	24,910	70,642
Unallocated assets					51,259
Total assets					121,901
Segment liabilities	6,442		16	19,056	37,019
Unallocated liabilities		11,505			52,493
Total liabilities					89,512

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3.1. Operating segments (cont'd)

1 July 2019 to 30 June 2020	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000 restated
Segment revenue	26,269	32,074	11,271	22,079	91,693
Segment profit/(loss)	(954)	(3,882)	(241)	(7,402)	(12,479)
Depreciation and amortisation					(5,301)
Other non-cash expense					(7,340)
Interest income					73
Finance costs					(1,842)
Share of results of associate					(70)
Loss before tax					(26,959)
Segment assets	10,052	15,716	5,191	31,369	62,328
Unallocated assets					56,494
Total assets					118,822
Segment liabilities	2,135	5,060	37	13,842	21,074
Unallocated liabilities					50,148
Total liabilities					71,222

3.2. Disaggregation of revenue

1 January 2021 to 30 June 2021	The Group 6 months ended 30 June 2021				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Types of goods or service:					
Revenue from contracts	15,780	25,935	5,025	12,298	59,038
Revenue from other services	-	-	-	813	813
Revenue from leasing	-	-	-	2,348	2,348
Sale of goods	-	-	-	75	75
Total revenue	15,780	25,935	5,025	15,534	62,274
Timing of revenue recognition:					
At a point in time	-	-	-	75	75
Over time	15,780	25,935	5,025	15,459	62,199
Total revenue	15,780	25,935	5,025	15,534	62,274

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3.2. Disaggregation of revenue (Cont'd)

	The Group				Total
	6 months ended 30 June 2020				
	R&R	A&A	C&P	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2020 to 30 June 2020					
Types of goods or service:					
Revenue from contracts	8,431	7,888	2,919	6,900	26,138
Revenue from other services	-	-	-	237	237
Revenue from leasing	-	-	-	1,297	1,297
Sale of goods	-	-	-	248	248
Total revenue	8,431	7,888	2,919	8,682	27,920
Timing of revenue recognition:					
At a point in time	-	-	-	248	248
Over time	8,431	7,888	2,919	8,434	27,672
Total revenue	8,431	7,888	2,919	8,682	27,920

	The Group				Total
	12 months ended 30 June 2021				
	R&R	A&A	C&P	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2020 to 30 June 2021					
Types of goods or service:					
Revenue from contracts	29,471	38,772	7,148	17,967	93,358
Revenue from other services	-	-	-	815	815
Revenue from leasing	-	-	-	4,699	4,699
Sale of goods	-	-	-	115	115
Total revenue	29,471	38,772	7,148	23,596	98,987
Timing of revenue recognition:					
At a point in time	-	-	-	115	115
Over time	29,471	38,772	7,148	23,481	98,872
Total revenue	29,471	38,772	7,148	23,596	98,987

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3.2. Disaggregation of revenue (Cont'd)

	The Group				Total
	12 months ended 30 June 2020				
	R&R	A&A	C&P	Others	
	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2019 to 30 June 2020					
Types of goods or service:					
Revenue from contracts	26,269	32,074	11,271	18,943	88,557
Revenue from other services	-	-	-	461	461
Revenue from leasing	-	-	-	2,420	2,420
Sale of goods	-	-	-	255	255
Total revenue	26,269	32,074	11,271	22,079	91,693
Timing of revenue recognition:					
At a point in time	-	-	-	255	255
Over time	26,269	32,074	11,271	21,824	91,438
Total revenue	26,269	32,074	11,271	22,079	91,693

4. Other Income

	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
		restated		restated
Government grants	(550)	193	1,311	900
Gain on disposal of property, plant and equipment and asset held for sale	7	9	2,211	109
Interest income	134	22	216	73
Administrative income	63	18	113	42
Foreign exchange gain	40	29	138	70
Fair value gain/(loss) of other investment	693	(331)	693	(331)
Gain on distribution from other investment	907	-	907	-
Sales of spare parts	77	85	113	172
Bargain purchase from acquisition of a business	-	299	-	299
Others	320	134	613	310
	1,691	458	6,315	1,644

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. Finance costs

	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Interest expenses	764	833	1,402	1,735
Bank charges	45	34	70	59
Factoring charges	21	28	30	48
	830	895	1,502	1,842

6. Loss before tax

	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
		restated		restated
Amortisation of intangible asset	251	503	445	839
Bad debts written back	(3)	-	(12)	-
Bad debts written off	95	1,395	113	1,395
Depreciation of property, plant and equipment	2,583	2,506	5,035	4,444
Depreciation of investment property	-	9	8	18
Fair value (gain)/loss of investment in securities	(693)	331	(693)	331
Gain on distribution from other investment	(907)	-	(907)	-
Impairment loss on goodwill	1,600	5,802	5,358	5,802
Impairment loss on intangible assets	-	651	-	651
Receivables written off	95	1,395	113	1,395
Net loss/(gain) on disposal of property, plant and equipment and asset held for sale	17	11	(2,186)	(72)
Impairment loss on receivables and contract assets	1,718	1,866	2,658	1,900
Property, plant and equipment written off	85	-	114	-
Intangible assets written off	23	-	23	-
Loss on derecognition of financial asset	-	48	-	48

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Statement of comprehensive income:		restated		restated
Current income tax:				
- Current year	(73)	(716)	9	112
- (Over)/under provision of taxation in prior years	(645)	153	(916)	(37)
Deferred tax:				
- Current year	7	(285)	(92)	(294)
- Over provision of taxation in prior years	-	-	-	(107)
	<u>(711)</u>	<u>(848)</u>	<u>(999)</u>	<u>(326)</u>

8. Earnings per share

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

	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
		restated		restated
Loss attributable to equity holders of the Company (\$'000)	<u>(8,550)</u>	<u>(24,357)</u>	<u>(14,545)</u>	<u>(21,556)</u>
Weighted average number of ordinary shares	<u>346,908,893</u>	<u>348,193,002</u>	<u>363,852,130</u>	<u>303,145,907</u>
Earnings per share (cents)				
- Basic and diluted	<u>(2.46)</u>	<u>(7.00)</u>	<u>(4.00)</u>	<u>(7.11)</u>

For the financial year ended 30 June 2021 and 30 June 2020, there was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9. Net Asset Value

	The Group		The Company	
	As at		As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net assets value (\$'000)	34,655	48,908	48,579	53,156
Number of ordinary shares	348,352,231	347,068,122	348,352,231	347,068,122
Net assets value per ordinary share (cents)	<u>9.95</u>	<u>14.09</u>	<u>13.95</u>	<u>15.32</u>

10. Property, plant and equipment

During the 6 months and 12 months ended 30 June 2021, the Group acquired assets amounting to \$3,562,000 and \$5,917,000 respectively and disposed of assets amounting to \$642,000 and \$1,298,000 respectively.

In addition, the Group has disposed of property amounting to S\$2,302,000 classified as asset held for sale during the 12 months ended 30 June 2021.

Acquisition of a business

In FY2020, the Group completed the acquisition of certain assets and liabilities in Mobike Ltd ("Mobike") in order to expand into the bicycle rental industry.

In accordance with SFRS(I) 3 Business Combinations, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition as of 30 June 2020. Additional information was obtained as part of the process of finalising the PPA allowed under SFRS(I) 3 and this resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process. The impact of these revisions on the acquired assets is as follows:

	As previously reported 30 June 2020	Adjustment	Revised as at 30 June 2020
	S\$'000	S\$'000	S\$'000
Property, plant and equipment	2,479	(983)	1,496
Other receivables	410	(35)	375
Other payables	(85)	85	-
Contract liabilities	(888)	(4)	(892)
Total identifiable net assets at fair value	<u>1,916</u>	<u>(937)</u>	<u>979</u>
Total consideration transferred	597	83	680
Bargain purchase arising from acquisition	<u>(1,319)</u>	<u>(1,020)</u>	<u>(299)</u>

All the above fair value adjustments have been recorded with effect from the date of acquisition by revising the reported consolidated financial position and consolidated statement of comprehensive income for the year ended 30 June 2020. The effect of the adjustments on the consolidated statement of comprehensive income was decrease in other income of S\$1,020,000 and increase of costs of sales of S\$10,000 respectively for the year ended 30 June 2020.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11. Goodwill

	The Group As at	
	30 June 2021	30 June 2020
Cost	S\$'000	S\$'000 restated
At 1 July	15,575	3,236
Acquisition of subsidiaries*	-	12,339
At 30 June	15,575	15,575
Accumulated impairment loss		
At 1 July	6,380	578
Charge for the year	5,358	5,802
At 30 June	11,738	6,380
Net carrying value	3,837	9,195

* In accordance with SFRS(I) 3 *Business Combinations*, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Accordingly, provisional goodwill recognised last year has been adjusted to reflect their fair values based on the final valuation report.

Impairment testing of goodwill

The carrying values of the Group's goodwill on acquisition of subsidiaries as at 30 June 2021 were assessed for impairment during the financial year.

Goodwill allocated to the respective cash generating unit ("CGU") are as follows:

	The Group As at	
	30 June 2021	30 June 2020
Cash Generating Unit and principal activities	S\$'000	S\$'000
CGU 1 - Repair & redecoration and coatings & paintings	1,383	1,383
CGU 2 - Landscaping works	279	279
CGU 3 - Commercial interior designs	175	175
CGU 4 - Projects and construction management	2,000	7,358
	3,837	9,195

At 30 June 2021, an impairment loss of \$5,358,000 (2020: \$5,802,000) was recognised in statement of comprehensive income under "other operating expenses" to write down goodwill allocated to CGU 4 to their recoverable amount of \$2,000,000 (2020: \$7,358,000) respectively.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11. Goodwill (Cont'd)

Key assumptions used in value-in-use calculations

The recoverable amounts for the above CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. These key inputs and assumptions were estimated by management based on prevailing economic and other conditions at the end of the reporting period, including the current market conditions due to COVID-19 pandemic. The key assumptions applied to the 5-year cash flow projections are as follows:

	CGU 1	CGU 2	CGU 3	CGU 4
2021				
Terminal value growth rate	1.81%	1.81%	1.81%	1.81%
Pre-tax discount rate	17.57%	18.10%	17.48%	16.16%
	CGU 1	CGU 2	CGU 3	CGU 4
2020				
Terminal value growth rate	1.90%	1.90%	1.90%	1.90%
Pre-tax discount rate	18.18%	17.38%	15.94%	15.70%

Forecast revenue growth rate - Revenue is computed based on secured order book and potential contracts.

Terminal value growth rate - Cash flows beyond the five-year period are forecasted based on terminal growth rate of 1.81% which does not exceed the nominal GDP rates for the countries in which the CGU operates.

Pre-tax discount rate - Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity.

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12. Other investments

	The Group As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Unquoted equity shares - Financial assets at fair value through profit or loss	7,980	6,380

Unquoted equity shares represent interest in a company in Singapore which is engaged in solar energy solutions including financing, designing, installation, and maintenance services. The fair values of the unquoted equity shares are made with reference to the share issuance transaction price of the investee company during the year. This fair value measurement is categorised in Level 2 of the fair value hierarchy.

13. Investment in subsidiaries

Acquisition of new subsidiaries

On 21 January 2020, the Company acquired 100% of the issued share capital of Pure Group (Singapore) Pte Ltd, Pure Projects Management Sdn Bhd, Pure Projects Construction Advisory (Shanghai) Ltd. Co, Pure SEA Pte Ltd, Pure Projects (Philippines) Inc and Pure Projects SEA Ltd (collectively known as "Pure Group entities") for a consideration of \$12,000,000 settled in cash.

In accordance with SFRS(I) 3 Business Combinations, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition as of 30 June 2020. Additional information was obtained as part of the process of finalising the PPA allowed under SFRS(I) 3 and this resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process. The impact of these revisions on the acquired assets is as follows:

	As previously reported 30 June 2020 S\$'000	Adjustment S\$'000	Revised as at 30 June 2020 S\$'000
Property, plant and equipment	199	-	199
Intangible assets	290	-	290
Trade and other receivables	160	(15)	145
Deferred tax liabilities	(7)	(166)	(173)
Customer contracts	-	666	666
Total identifiable net assets at fair value	642	485	1,127
Total consideration transferred	12,000	-	12,000
Contingent consideration	-	(1,466)	(1,466)
Goodwill arising from acquisition	11,358	981	12,339

All the above fair value adjustments have been recorded with effect from the date of acquisition by revising the reported consolidated financial position and consolidated statement of comprehensive income for the year ended 30 June 2020. The effect of the adjustments on the consolidated statement of comprehensive income was an increase in other operating expenses of S\$1,632,000 and increase of deferred tax income of S\$166,000 respectively for the year ended 30 June 2020.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. Investment in subsidiaries

Impairment assessment of the Company's investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimate of the value-in-use ("VIU") of the subsidiaries. Estimating the VIU requires the Company to make an estimate of the future cash flows expected from the cash generating unit and appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the goodwill. Information about the assumptions and risk factors are disclosed in Note 11.

Based on the Company's assessment, S\$5,711,000 was impaired during the financial year as the recoverable amounts assessed were in excess of the carrying amounts of the cash generating unit.

14. Borrowings

	The Group	
	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured	29,437	29,144
Unsecured	-	2,035
<u>Amount repayable after one year</u>		
Secured	21,671	12,978
	<u>51,108</u>	<u>44,157</u>

Notes

(a) Bank borrowings amounting to \$44.6 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; and
- iv. corporate guarantee from the Company and a subsidiary.

(b) Lease liabilities of the Group amounting to \$6.5 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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

15. Share capital

	Group and Company			
	2021		2020	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	348,366	43,743	285,866	29,618
Share issue	-	-	62,500	14,125
At 30 June	348,366	43,743	348,366	43,743

	Group and Company	
	30 June 2021	30 June 2020
	No. of shares '000	No. of shares '000
Total number of issued shares, including treasury shares	348,366	348,366
Treasury shares	(14)	(1,298)
Total number of issued shares, excluding treasury shares	348,352	347,068

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 30 June 2020.

16. Treasury shares

	Group and Company			
	2021		2020	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	1,298	350	798	267
Share buyback			500	83
Treasury shares reissued pursuant to the acquisition of a subsidiary	(1,284)	(347)	-	-
At 30 June	14	3	1,298	350
Percentage (%) of treasury shares against total number of shares outstanding as at 30 June	0.0%		0.4%	

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

16. Treasury shares (Cont'd)

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

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

Warrants	Financial Year 2021	Financial Year 2020
	Warrants	Warrants
As at 1 July	59,893,365	-
Warrants issued	-	87,393,365
Warrants expired	(47,393,365)	(27,500,000)
As at 30 June	12,500,000	59,893,365
Percentage (%) of warrants against total number of shares outstanding as at 30 June	3.6%	17.2%

Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at their respective exercise prices. As at 30 June 2021, there were 47,393,365 warrants which has expired.

17. Related parties

17a. In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

Group	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
With related parties				
<i>Income</i>				
Sales	(76)	(36)	(138)	(39)
<i>Expenses</i>				
Purchases	1,413	492	2,314	1,241
Testing fee	81	93	170	156

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

17. Related parties

17a. In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

Company	The Group			
	6 months ended		12 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Receipts on behalf	(452)	(153)	(752)	(628)
Loan	1,902	6,025	4,145	10,483
Repayment of loan	(2,368)	(7,933)	(8,194)	(10,073)
<i>Income</i>				
Management fee	(1,161)	(679)	(1,688)	(1,620)
Dividend	-	-	-	(1,990)
Interest income	(156)	(156)	(263)	(267)
<i>Expenses</i>				
Recharge of expense	86	57	122	115

17b. Compensation of key management personnel.

There were no significant changes to the key management personnel in FY2021. There were no changes to the compensation scheme in FY2021.

18. Fair value hierarchy

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

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

Assets measured at fair value

The financial assets at fair value through profit or loss is classified as Level 2. The fair value of the unquoted equity shares is determined by reference to the investee company's share issuance transaction price during the year. The measurement of fair value of the unquoted equity shares is performed by the Group's finance team, based on evidence obtained from the investee company to assess if the share issuance transaction price is supportable and the appropriate classification of the fair value level hierarchy measurement for this financial asset.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

18. Fair value hierarchy (Cont'd)

Assets measured at fair value (Cont'd)

A higher share issuance transaction price will result in a higher fair value measurement.

Movements in Level 2 assets and liabilities measured at fair value

	Unquoted equity shares	
	2021	2020
	\$'000	\$'000
Balance at beginning of financial year	6,380	6,711
Gain on distribution from other investment	907	-
Fair value loss recognised in profit or loss	693	(331)
Balance at end of financial year	7,980	6,380

Transfer between Level 2 and 3

The following table shows transfer from Level 3 to 2 of the fair value hierarchy for financial assets which are recorded at fair value:

	Unquoted equity shares	
	2021	2020
	\$'000	\$'000
<i>Financial assets at fair value through profit or loss</i>		
Unquoted equity shares	7,980	6,380

The above financial assets were transferred from level 2 to 3 as there was no observable share issuance transaction at 2020 by the investee company. In FY2021, the above financial assets were transferred from level 3 to level 2 because of observable share issuance transaction during the year.

19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements for the second half of 2021 and full year financial statements for 2021.

Change in Shareholding in a Subsidiary Company

On 7 July 2021, SG Bike, a subsidiary of the Company, issued and allotted an additional 60,000 new ordinary shares of S\$1 each to a new shareholder ("Share Issuance").

Following the Share Issuance, the issued and paid-up share capital of SG Bike has increased from S\$1,000,000 consisting of 1,000,000 ordinary shares to S\$1,060,000 consisting of 1,060,000 ordinary shares. Accordingly, the Company's interest in the shares of SG Bike has decreased from 51.0% to 48.1% with SG Bike remaining as a subsidiary of the Company.

The Share Issuance does not have a material impact on the earnings or the net tangible assets per share of Company for the financial year ended 30 June 2021.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

19. Subsequent events (Cont'd)

Change in Shareholding in a Subsidiary Company (Cont'd)

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Share Issuance, other than through their respective shareholdings (if any) in the Company.

Acquisition of subsidiary

On 3 August 2021, the Company completed the acquisition of 10,000 ordinary shares representing 100% of the share capital of Green Pest Management Pte. Ltd. ("GPM") ("GPM Acquisition") from ADD Group Pte. Ltd. ("ADD").

The consideration for the GPM Acquisition is S\$90,574 and was satisfied wholly in cash on completion of the GPM Acquisition. The consideration was based on the audited NAV of GPM as at 30 June 2020. The audited NAV of GPM as at 30 June 2020 was S\$90,574.

The GPM Acquisition does not have a material impact on the earnings or the net tangible assets per share of Company for the financial year ended 30 June 2021.

ADD is a company wholly-owned by Mr Ng Cheng Lian, the Executive Chairman of the Company, Mr Koh Thong Huat, the Executive Director and Chief Executive Officer of the Company, and Mr Foo Joon Lye, the Executive Director and the Director (Operations) of the Company in equal proportion. They are also deemed controlling shareholders of the Company. As such, the GPM Acquisition is an interested person transaction but the amount at risk is below S\$100,000.

Save as disclosed above, none of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the GPM Acquisition, other than through their respective shareholdings (if any) in the Company.

Following the completion of the GPM Acquisition, GPM became a wholly-owned subsidiary of the Company.

Divestment of associated Company

The Company has proposed to sell of 800,000 ordinary shares representing 40% of the share capital of ITG Projects Sdn. Bhd. ("ITGP") ("ITGP Divestment") to Mr Koh Thong Huat and Mr Foo Joon Lye.

The consideration for the ITGP Divestment is S\$355,407 and will be satisfied wholly in cash on completion of the ITGP Divestment. The consideration is based on the net carrying value of ITGP as at 31 December 2020.

Mr Koh Thong Huat is the Executive Director and Chief Executive Officer of the Company, and Mr Foo Joon Lye is the Executive Director and the Director (Operations) of the Company. They are also deemed controlling shareholders of the Company. As such, the ITGP Divestment is an interested person transaction but the amount at risk is less than 3% of the Group's latest audited net tangible assets.

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the ITGP Divestment, other than through their respective shareholdings (if any) in the Company.

Strike-off of subsidiary

The Company is in the progress of submission of application for the striking off of a subsidiary, ISO-Homecare Pte. Ltd.

Other Information Required by Listing Rule

Appendix 7C

OTHER INFORMATION

- The condensed interim consolidated statements of financial position of ISOTeam Ltd and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statements of changes in equity and condensed interim consolidated statements of cash flows for the six-months period and full year ended 30 June 2021 and certain explanatory notes have not been audited or reviewed.
- Review of performance of the Group**

Revenue	Group					Group				
	Six Months Ended					Twelve Months Ended				
	30.06.21		30.06.20		Change	30.06.21		30.06.20		Change
	\$'000	%	\$'000	%	%	\$'000	%	\$'000	%	%
R&R	15,780	25.3	8,431	30.2	87.2	29,471	29.8	26,269	28.7	12.2
A&A	25,935	41.7	7,888	28.3	228.8	38,772	39.2	32,074	35.0	20.9
C&P	5,025	8.1	2,919	10.5	72.1	7,148	7.2	11,271	12.3	(36.6)
Others ^(a)	15,534	25.0	8,682	31.0	78.9	23,596	23.8	22,079	24.0	6.9
	62,274	100.0	27,920	100.0	123.0	98,987	100.0	91,693	100.0	8.0

^(a) Others included revenue from home retrofitting business, landscaping works, interior design, leasing, green solutions business, mechanical & electrical engineering works, project management and handyman service.

Condensed Interim Consolidated Statement of Comprehensive income

Revenue

6MFY2021 vs 6MFY2020

Group revenue increased by \$34.3 million or 123.0% from \$27.9 million in 6MFY2020 to \$62.2 million in 6MFY2021. The increase was mainly due to increase in revenue contributed by all business segments.

FY2021 vs FY2020

The Group's revenue increased by \$7.3 million or 8.0% from \$91.7 million in FY2020 to \$99.0 million in FY2021. The increase was mainly due to increase in revenue of R&R, A&A and Others business segments which were partially offset by decrease in revenue of C&P business segments, due to more work performed during the year.

Gross profit and gross profit margin

6MFY2021 vs 6MFY2020 and FY2021 vs FY2020

The Group's gross profit increased by \$8.1 million or 103.4% from gross loss of \$7.8 million in 6MFY2020 to gross profit of \$0.3 million in 6MFY2021 and decreased by \$1.5 million or 76.5% from \$1.9 million in FY2020 to \$0.4 million in FY2021 mainly due to lower margin as a result of rising cost.

2. **Review of performance of the Group (Cont'd)**

Condensed Interim Consolidated Statement of Comprehensive income (Cont'd)

Other income

6MFY2021 vs 6MFY2020 (restated) and FY2021 vs FY2020 (restated)

The Group's other income increased by \$1.2 million or 269.2% from \$0.5 million in 6MFY2020 to \$1.7 million in 6MFY2021 and increased by \$4.7 million or 284.1% from \$1.6 million in FY2020 to \$6.3 million in FY2021. The increase was mainly due to the increase in fair value gain on investment in securities, gain on distribution from other investment, gain on disposal of a property and government support schemes.

Marketing and distribution expenses

6MFY2021 vs 6MFY2020 and FY2021 vs FY2020

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

General and administrative expenses

6MFY2021 vs 6MFY2020 and FY2021 vs FY2020

The Group's general and administrative expenses decreased by \$2.8 million or 29.2% from \$9.7 million in 6MFY2020 to \$6.9 million in 6MFY2021 and decreased by \$3.7 million or 22.9% from \$16.3 million in FY2020 to \$12.6 million in FY2021. The decrease was mainly attributable to the reduction in professional fee, staff-related cost and the receipt of foreign worker levy rebates and waiver.

Finance costs

6MFY2021 vs 6MFY2020 and FY2021 vs FY2020

The Group's finance costs decreased by \$0.1 million or 7.3% from \$0.9 million in 6MFY2020 to \$0.8 million in 6MFY2021 and decreased by \$0.3 million or 18.5% from \$1.8 million in FY2020 to \$1.5 million in FY2021. This was mainly due to lower interest rate incurred on bank borrowings.

Other operating expenses

6MFY2021 vs 6MFY2020 (restated) and FY2021 vs FY2020 (restated)

The Group's other operating expenses decreased by \$4.9 million or 73.0% from \$6.7 million in 6MFY2020 to \$1.8 million in 6MFY2021 and decreased by \$1.2 million or 16.9% from \$6.9 million in FY2020 to \$5.7 million in FY2021. The decrease was mainly attributable to lesser impairment of goodwill.

Loss before tax

6MFY2021 vs 6MFY2020 (restated) and FY2021 vs FY2020 (restated)

As a result of the above, the Group recorded a loss before tax of \$9.7 million in 6MFY2021 and loss before tax of \$16.5 million in FY2021 as compared to a loss before tax of \$27.0 million in 6MFY2020 and loss before tax of \$24.3 million in FY2020.

2. **Review of performance of the Group (Cont'd)**

Condensed Interim Consolidated Statement of Comprehensive income (Cont'd)

Tax credit

6MFY2021 vs 6MFY2020 (restated) and FY2021 vs FY2020 (restated)

The Group's tax credit decreased by \$0.1 million or 16.2% to \$0.7 million in 6MFY2021 and increased by \$0.7 million from \$0.3 million tax credit in FY2020 to \$1.0 million tax credit in FY2021. The increase of tax credit was mainly due to overprovision of income tax expense in prior year.

Condensed Interim Statements of Financial Position

Non-current assets

The Group's non-current assets decreased by \$4.9 million or 10.2% from \$48.0 million as at 30 June 2020 to \$43.1 million as at 30 June 2021, mainly due to impairment of goodwill.

Current assets

The increased in current assets of \$8.0 million or 11.3% from \$70.8 million as at 30 June 2020 to \$78.8 million as at 30 June 2021 was mainly due to increase in trade and other receivables and cash at bank balances offset by the decreased in contract assets. The decreased in contract assets was mainly due to the Group has billed invoice to customers.

Non-current liabilities

The increase in non-current liabilities of S\$8.6 million or 63.0% from \$13.6 million as at 30 June 2020 to \$22.2 million as at 30 June 2021 was mainly due to the increased in bank borrowings.

Current liabilities

The increase in current liabilities of \$9.7 million or 16.8% from \$57.6 million as at 30 June 2020 to \$67.3 million as at 30 June 2021 was mainly due to the increase in trade and other payables offset by the decreased in bank borrowings.

Condensed Interim Consolidated Statement of Cash Flows

Net cash generated from/ (used in) operating activities

6MFY2021

Net cash generated from operating activities amounted to \$4.6 million in 6MFY2021 was mainly due to decreased in contract assets and increase of trade and other payables which were offset by decreased in operating cash flow before changes in working capital and increased in trade and other receivables.

FY2021

Net cash used in operating activities amounted to \$0.1 million in FY2021 was mainly due to decreased in operating cash flow before changes in working capital and increased in trade and other receivables which was offset by the increase in trade and other payables.

2. **Review of performance of the Group (Cont'd)**

Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

Net cash (used in)/ generated from investing activities

6MFY2021

Net cash used in investing activities amounted to \$0.4 million in 6MFY2021 was mainly due to the purchase of plant and equipment and additions of intangible assets.

FY2021

Net cash generated from investing activities amounted to \$3.6 million was mainly due to the proceeds from disposal of property, plant and equipment and investment property which were offset by the purchase plant and equipment and additions of intangible assets.

Net cash (used in)/ generated from financing activities

6MFY2021

Net cash used in financing activities of \$2.2 million in 6MFY2021 was mainly due to repayment of borrowings, interest paid and repayment of lease liabilities which were partially offset by drawdown of borrowings and fixed deposit pledged to banks.

FY2021

Net cash generated from financing activities of \$2.1 million in FY2021 was mainly due to drawn down of borrowings and due to related parties, which were offset by repayment of borrowings, interest paid and repayment of lease liabilities.

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

Further to the Company's announcement dated 10 August 2021 in relation to the update on profit guarantee arising from the acquisition of Pure Group entities, the Board wishes to advise that the Pure Group entities have incurred a net loss after tax of approximately S\$0.9 million for FY2021 and hence, the profit target of \$5 million for FY2021 has not been achieved. The profit target has not been achieved due to the continued adverse impact from the Global COVID-19 pandemic which led to the cancellation and/or deferment of projects by its customers.

4. **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 ongoing COVID-19 pandemic continues to disrupt the normal operations of the global economy. Since the half year ended 31 December 2020, the operating environment and prospects of the Group have remained challenging. As a result, the Group's operations and financial performance have continued to be adversely impacted by, among others, shortages in labour resources, cost inflations and disruptions to raw material supply chains, and disruptions to the work of sub-contractors due to COVID-19 restriction measures as well as sustained cross border control restrictions.

While the vaccination rollout in Singapore continues to accelerate, economic uncertainty persists as the government's Multi-Ministry Taskforce reverted to Phase 2 (Heightened Alert) safe management measures which took effect from 22

July 2021 to 18 August 2021. During this period, the Group's operations continue to remain fully operational with the relevant enhanced safe management practices and social distancing measures from the Ministry of Health implemented across all of the sites.

Despite challenging operating environment, the Group's order book as at 30 June 2021 stands at \$165.2 million, which is expected to be delivered over the next two years. However, the execution of construction works for these new projects are subject to the implementation and compliance of additional safety measures and policies as mentioned in the paragraph above.

The Group will endeavour to manage its liquidity prudently and focus on exploring business opportunities within its core business to improve efficiency. Management continues to closely monitor and minimize any exposure to risks during this period.

5. Dividend

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

No dividend recommended to be declared.

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

N/A.

(c) Date payable

N/A.

(d) Books closure date

N/A.

6. 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.

7. Interested person transactions

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

8. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)

There were no transactions that occurred during the period from 1 January 2021 to 30 June 2021 pursuant to Rule 706(A) of the Catalist Rules. Transactions that occurred subsequent to 30 June 2021 have been disclosed under Note 19, "Subsequent events". The Company will make the corresponding announcement on these transactions pursuant to Rule 706(A) of the Catalist Rules when it announces its results announcement for the period from 1 July 2021 to 31 December 2021 on or before 14 February 2022.

9. In the review of performance, the factors, leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Note 2 above.

10. A breakdown of sales.

	Group		Change %
	30.06.21 \$'000	30.06.20 \$'000 restated	
Sales reported for first half year	36,713	63,773	(42.4)
Operating (loss)/profit after tax before deducting non-controlling interest reported for first half year	(6,540)	2,145	N/M
Sales reported for second half year	62,274	27,920	123.0
Operating loss after tax before deducting non-controlling interest reported for second half year	(8,964)	(26,111)	(65.7)

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

11. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend	FY2021 \$'000	FY2020 \$'000
Ordinary shares	-	-

12. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10), the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

David Ng Cheng Lian

Executive Chairman

27 August 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.

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