



**ISOTEAM**

**ISOTEAM LTD.**

**(Company Registration No. 201230294M)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	Note	Six Months Ended		Change
		31.12.21	31.12.20	
		\$'000	\$'000	%
<b>Income Statement</b>				
Revenue	3	45,048	36,713	22.7
Cost of sales		(41,868)	(36,548)	14.6
Gross profit		3,180	165	N/M
Other income	4	1,151	4,624	(75.1)
Marketing and distribution expenses		(491)	(422)	16.4
General and administrative expenses		(6,333)	(5,671)	11.7
Finance costs	5	(857)	(672)	27.5
Impairment loss on receivables and contract assets		(291)	(940)	(69.0)
Other operating expenses		(185)	(3,902)	(95.3)
Share of results of associate		19	(10)	(290.0)
<b>Loss before tax</b>	6	(3,807)	(6,828)	(44.2)
Tax (expense)/credit	7	(81)	288	(128.1)
<b>Loss for the period</b>		<b>(3,888)</b>	<b>(6,540)</b>	(40.6)
<b>Loss attributable to:</b>				
Equity holders of the Company		(3,400)	(5,995)	(43.3)
Non-controlling interests		(488)	(545)	(10.5)
		<b>(3,888)</b>	<b>(6,540)</b>	(40.6)

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

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

	Group			
	Note	Six Months Ended		Change
		31.12.21	31.12.20	
		\$'000	\$'000	
<b>Statement of Comprehensive Income</b>				
Loss for the period		(3,888)	(6,540)	(40.6)
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation gain		56	12	N/M
<b>Other comprehensive income for the period, net of tax</b>		56	12	N/M
<b>Total comprehensive loss for the period</b>		<b>(3,832)</b>	<b>(6,528)</b>	(41.3)
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the Company		(3,346)	(5,985)	(44.1)
Non-controlling interests		(486)	(543)	(10.5)
		<b>(3,832)</b>	<b>(6,528)</b>	(41.3)

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

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31.12.21	As at 30.06.21	As at 31.12.21	As at 30.06.21
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment		27,392	28,963	-	-
Goodwill	11	1,837	6,896	-	-
Intangible assets		1,797	2,303	119	156
Investment in subsidiaries	12	-	-	36,159	36,418
Investment in associate		-	48	-	-
Other investments	13	-	7,980	-	7,980
		31,026	46,190	36,278	44,554
<b><u>Current assets</u></b>					
Contract assets		16,677	17,354	-	-
Asset held for sale		7,980	348	7,980	265
Inventories		353	677	-	-
Tax recoverable		109	65	-	-
Trade and other receivables		30,531	34,401	14,483	20,184
Cash and bank balances		15,851	15,493	4,615	666
<b>Total current assets</b>		71,501	68,338	27,078	21,115
<b>Total assets</b>		<b>102,527</b>	<b>114,528</b>	<b>63,356</b>	<b>65,669</b>
<b><u>Non-current liabilities</u></b>					
Lease liabilities	14	3,951	4,748	-	-
Deferred tax liabilities		627	578	4	4
Loans and borrowings	14	17,992	16,923	-	-
<b>Total non-current liabilities</b>		22,570	22,249	4	4
<b><u>Current liabilities</u></b>					
Contract liabilities		1,656	1,512	-	-
Loans and borrowings	14	26,123	28,462	7,800	8,600
Trade and other payables		22,061	28,141	5,085	6,136
Lease liabilities	14	1,500	1,775	-	-
<b>Total current liabilities</b>		51,340	59,890	12,885	14,736
<b>Total liabilities</b>		<b>73,910</b>	<b>82,139</b>	<b>12,889</b>	<b>14,740</b>
<b>Net assets</b>		<b>28,617</b>	<b>32,389</b>	<b>50,467</b>	<b>50,929</b>

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

	Note	Group		Company	
		As at 31.12.21	As at 30.06.21	As at 31.12.21	As at 30.06.21
		\$'000	\$'000	\$'000	\$'000
<b>Share capital and reserves</b>					
Share capital	15	43,743	43,743	43,743	43,743
Treasury shares	16	(3)	(3)	(3)	(3)
Accumulated (losses)/profits		(5,037)	(1,637)	6,709	7,171
Foreign currency translation reserve		33	(21)	-	-
Merger reserve		(7,338)	(7,338)	-	-
Other reserves		(60)	(89)	18	18
Equity attributable to equity holders of the Company		31,338	34,655	50,467	50,929
Non-controlling interests		(2,721)	(2,266)	-	-
<b>Total equity</b>		<b>28,617</b>	<b>32,389</b>	<b>50,467</b>	<b>50,929</b>

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Attributable to equity holders of the Company						Total \$'000	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 losses \$'000			
<b>Balance at 1 July 2021</b>	<b>43,743</b>	<b>(3)</b>	<b>(7,338)</b>	<b>(21)</b>	<b>(89)</b>	<b>(1,637)</b>	<b>34,655</b>	<b>(2,266)</b>	<b>32,389</b>
Loss for the period	-	-	-	-	-	(3,400)	(3,400)	(488)	(3,888)
<b>Other comprehensive income</b>									
Foreign currency translation gain	-	-	-	54	-	-	54	2	56
Other comprehensive income for the year, net of tax	-	-	-	54	-	-	54	2	56
Total comprehensive income for the year	-	-	-	54	-	(3,400)	(3,346)	(486)	(3,832)
<b>Contribution by and distributions to equity holders</b>									
Share-based payment to non-controlling interest	-	-	-	-	29	-	29	31	60
	-	-	-	-	29	-	29	31	60
Total transactions with equity holders of the Company	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>43,743</b>	<b>(3)</b>	<b>(7,338)</b>	<b>33</b>	<b>(60)</b>	<b>(5,037)</b>	<b>31,338</b>	<b>(2,721)</b>	<b>28,617</b>

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

The Group	Attributable to equity holders of the Company						Total \$'000	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/(losses) \$'000			
<b>Balance at 1 July 2020, as restated</b>	<b>43,743</b>	<b>(350)</b>	<b>(7,338)</b>	<b>(23)</b>	<b>1,434</b>	<b>11,442</b>	<b>48,908</b>	<b>(1,308)</b>	<b>47,600</b>
Loss for the period	-	-	-	-	-	(5,995)	(5,995)	(545)	(6,540)
<b>Other comprehensive income</b>									
Foreign currency translation gain	-	-	-	10	-	-	10	2	12
Other comprehensive income for the year, net of tax	-	-	-	10	-	-	10	2	12
Total comprehensive loss for the year	-	-	-	10	-	(5,995)	(5,985)	(543)	(6,528)
<b>Contribution by and distributions to equity holders</b>									
Purchase of treasury shares	-	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
<b>Balance at 31 December 2020</b>	<b>43,743</b>	<b>(3)</b>	<b>(7,338)</b>	<b>(13)</b>	<b>(89)</b>	<b>6,913</b>	<b>43,213</b>	<b>(1,851)</b>	<b>41,362</b>

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
<b>Balance at 1 July 2021</b>	<b>43,743</b>	<b>(3)</b>	<b>18</b>	<b>7,171</b>	<b>50,929</b>
Loss and total comprehensive loss for the period	-	-	-	(462)	(462)
<b>Balance at 31 December 2021</b>	<b>43,743</b>	<b>(3)</b>	<b>18</b>	<b>6,709</b>	<b>50,467</b>
<b>Balance at 1 July 2020, as restated</b>	<b>43,743</b>	<b>(350)</b>	<b>1,541</b>	<b>8,222</b>	<b>53,156</b>
Loss and total comprehensive loss for period	-	-	-	(4,335)	(4,335)
<b>Contribution by and distributions to equity holders</b>					
Purchase of treasury shares	-	347	(57)	-	290
Extinguishment of expired warrants	-	-	(1,466)	1,466	-
	-	347	(1,523)	1,466	290
<b>Balance at 31 December 2020</b>	<b>43,743</b>	<b>(3)</b>	<b>18</b>	<b>5,353</b>	<b>49,111</b>



**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before income tax	(3,807)	(6,828)
Adjustment for: -		
Depreciation of property, plant and equipment	2,207	2,452
Depreciation of investment property	-	9
Net gain on disposal of property, plant and equipment	(25)	(2,203)
Property, plant and equipment written off	2	29
Interest income	(90)	(82)
Interest expense	812	638
Amortisation of intangible assets	235	194
Allowance for impairment on receivables and contract assets (net)	291	940
Bad debts written back	-	(9)
Bad debts written off	285	18
Bargain purchase from acquisition of a business	(21)	-
Net loss on disposal of associates	25	-
Gain on disposal of subsidiaries	(216)	-
Gain on lease modification	(29)	-
Rental waiver	(5)	(9)
Impairment loss of goodwill	-	3,758
Equity-settled share-based payment	60	-
Other income	(4)	-
Share of results of associate	(19)	10
<b>Operating cash flows before working capital changes</b>	<b>(299)</b>	<b>(1,083)</b>
Contract assets	390	(8,178)
Contract liabilities	144	210
Inventories	324	456
Trade and other receivables	4,119	(4,483)
Trade and other payables	(5,683)	8,193
<b>Cash used in operations</b>	<b>(1,005)</b>	<b>(4,885)</b>
Interest received	90	82
Tax (paid)/refund	(26)	157
<b>Net cash used in operating activities</b>	<b>(941)</b>	<b>(4,646)</b>

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

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets	(14)	(35)
Purchases of property, plant and equipment	(490)	(535)
Proceeds from disposal of property, plant and equipment	255	4,576
Proceeds from disposal of associates	390	-
Proceeds from disposal of subsidiaries, net of cash disposed of ( <b>Note A</b> )	4,328	-
Net cash outflows on acquisition of subsidiary	(33)	-
<b>Net cash generated from investing activities</b>	<b>4,436</b>	<b>4,006</b>
<b>Cash flows from financing activities</b>		
Fixed deposits withdraw from banks	303	495
Due (from)/to related parties (non-trade)	(70)	6,005
Drawdown of bank borrowings	14,248	16,741
Repayment of bank borrowings	(15,441)	(18,225)
Interest paid	(828)	(700)
Repayment of lease liabilities	(982)	(725)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(2,770)</b>	<b>3,591</b>
<b>Net increase in cash and cash equivalents</b>	<b>725</b>	<b>2,951</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>13,156</b>	<b>8,920</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>13,881</b>	<b>11,871</b>

**Notes to the Consolidated Statement of Cash Flows**

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

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.21</b>	<b>31.12.20</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash in hand and at bank	13,792	11,147
Fixed deposits	2,059	2,829
	15,851	13,976
Less: Fixed deposits pledged	(1,847)	(1,915)
Less: Bank overdrafts	(123)	(190)
	<b>13,881</b>	<b>11,871</b>

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

**Note A**

<b><u>Net cash inflow on disposal of subsidiaries</u></b>	<b>\$'000</b>
Property, plant and equipment	31
Intangible assets	290
Right-of-use assets	9
Trade and other receivables	675
Cash and cash equivalents	172
Lease liabilities	(10)
Income tax liabilities	(46)
Deferred tax liabilities	(2)
Trade and other payables	(1,894)
Net liabilities derecognised	(775)
Add: Goodwill	5,059
Net assets disposed of	<u>4,284</u>
Net assets disposed of (as above)	4,284
Gain on disposal of subsidiaries	216
Cash proceeds on disposal	4,500
(Less): Cash and cash equivalents in subsidiaries disposed of	(172)
Net cash inflow on disposal	<u>4,328</u>

## **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, vector control services and handyman services.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 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 last annual financial statements for the year ended 30 June 2021.

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, which does not have significant impact to the Group.

#### **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 2021.

## **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, vector control services 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.

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

3. Segment and revenue information (Cont'd)

3.1 Operating segments

1 July 2021 to 31 December 2021	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	13,172	17,668	3,750	10,458	45,048
Segment profit/(loss)	1,732	(1,863)	399	(271)	(3)
Depreciation and amortisation					(2,442)
Other non-cash expense					(576)
Interest income					90
Finance costs					(857)
Share of results of associate					(19)
<b>Loss before tax</b>					<b>(3,807)</b>
Segment assets	12,102	16,267	5,369	21,553	55,291
Unallocated assets					47,236
<b>Total assets</b>					<b>102,527</b>
Segment liabilities	7,886	9,642	71	14,139	31,738
Unallocated liabilities					42,172
<b>Total liabilities</b>					<b>73,910</b>
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
1 July 2020 to 31 December 2020					
Segment revenue	13,691	11,088	2,124	9,810	36,713
Segment profit/(loss)	2,749	(3,231)	(20)	(576)	(1,078)
Depreciation and amortisation					(2,655)
Other non-cash expense					(2,495)
Interest income					82
Finance costs					(672)
Share of results of associate					(10)
<b>Loss before tax</b>					<b>(6,828)</b>
Segment assets	15,679	26,986	4,711	24,168	71,544
Unallocated assets					49,434
<b>Total assets</b>					<b>120,978</b>
Segment liabilities	6,753	6,684	14	17,036	30,487
Unallocated liabilities					48,119
<b>Total liabilities</b>					<b>78,606</b>

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

3.2. Disaggregation of revenue

	The Group				Total
	6 months ended 31 December 2021				
1 July 2021 to 31 December 2021	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	\$'000
Types of goods or service:					
Revenue from contracts	13,172	17,668	3,750	7,705	42,295
Revenue from other services	-	-	-	334	334
Revenue from leasing	-	-	-	2,359	2,359
Sale of goods	-	-	-	60	60
<b>Total revenue</b>	<b>13,172</b>	<b>17,668</b>	<b>3,750</b>	<b>10,458</b>	<b>45,048</b>
Timing of revenue recognition:					
At a point in time	-	-	-	60	60
Over time	13,172	17,668	3,750	10,398	44,988
<b>Total revenue</b>	<b>13,172</b>	<b>17,668</b>	<b>3,750</b>	<b>10,458</b>	<b>45,048</b>

	The Group				Total
	6 months ended 31 December 2020				
1 July 2020 to 31 December 2020	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	\$'000
Types of goods or service:					
Revenue from contracts	13,691	11,088	2,124	6,122	33,025
Revenue from other services	-	-	-	1,509	1,509
Revenue from leasing	-	-	-	2,139	2,139
Sale of goods	-	-	-	40	40
<b>Total revenue</b>	<b>13,691</b>	<b>11,088</b>	<b>2,124</b>	<b>9,810</b>	<b>36,713</b>
Timing of revenue recognition:					
At a point in time	-	-	-	40	40
Over time	13,691	11,088	2,124	9,770	36,673
<b>Total revenue</b>	<b>13,691</b>	<b>11,088</b>	<b>2,124</b>	<b>9,810</b>	<b>36,713</b>

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

4. **Other Income**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Government grants	322	1,861
Gain on disposal of property, plant and equipment	41	2,204
Interest income	90	82
Administrative income	93	50
Foreign exchange gain	2	98
Sales of spare parts	69	36
Bargain purchase from acquisition of a business	22	-
Gain on disposal of subsidiaries	216	-
Gain on disposal of associate	8	-
Others	288	293
	<b>1,151</b>	<b>4,624</b>

5. **Finance costs**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expenses	812	638
Bank charges	35	25
Factoring charges	10	9
	<b>857</b>	<b>672</b>



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

**6. Loss before tax**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation of intangible asset	235	194
Bad debts written off	285	18
Depreciation of property, plant and equipment	2,207	2,452
Depreciation of investment property	-	9
Impairment loss on goodwill	-	3,758
Net gain on disposal of property, plant and equipment	(25)	(2,203)
Allowance for impairment on receivables and contract assets, net	291	940
Property, plant and equipment written off	2	29
Share of results of associate	19	10
Gain on disposal of subsidiaries	(216)	-
Net loss on disposal of associates	25	-
Equity-settled share-based payment	60	-

**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:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Statement of comprehensive income:		
Current income tax:		
- Current year	32	82
- Over provision of taxation in prior years	(1)	(271)
Deferred tax:		
- Current year	50	(99)
	<b>81</b>	<b>(288)</b>

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

**8. Earnings per share**

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

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss attributable to equity holders of the Company (\$'000)	(3,400)	(5,995)
Weighted average number of ordinary shares	348,352,231	346,473,562
Earnings per share (cents)		
- Basic and diluted	(0.98)	(1.73)

For the financial period ended 31 December 2021 and 31 December 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.

**9. Net Asset Value**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31 December 2021</b>	<b>30 June 2021</b>	<b>31 December 2021</b>	<b>30 June 2021</b>
Net assets value (\$'000)	31,338	34,655	50,467	50,929
Number of ordinary shares	348,352,231	348,352,231	348,352,231	348,352,231
Net assets value per ordinary share (cents)	9.00	10.00	14.49	14.62

**10. Property, plant and equipment**

During the 6 months ended 31 December 2021, the Group acquired assets amounting to \$1,539,000 and disposed of assets amounting to \$1,035,000 respectively.

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

11. Goodwill

	The Group As at	
	31 December 2021	30 June 2021
Cost	S\$'000	S\$'000
At 1 July	15,575	15,575
Disposal of subsidiaries	(5,059)	-
At 31 December/ 30 June	10,516	15,575
<b>Accumulated impairment loss</b>		
At 1 July	8,679	6,380
Charge for the year	-	2,299
At 31 December/ 30 June	8,679	8,679
Net carrying value	1,837	6,896

**Impairment testing of goodwill**

The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

As at 31 December 2021, the Group reviewed the key assumptions used in the value-in-use calculation as at 30 June 2021 impairment test and noted that the assumptions remained reasonable. No impairment loss was recognised as at 31 December 2021.

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

	The Group As at	
	31 December 2021	30 June 2021
Cash Generating Unit and principal activities	S\$'000	S\$'000
<b>CGU 1</b> - Repair & redecoration and coatings & paintings	1,383	1,383
<b>CGU 2</b> - Landscaping works	279	279
<b>CGU 3</b> - Commercial interior designs	175	175
<b>CGU 4</b> - Projects and construction management	-	5,059
	<b>1,837</b>	<b>6,896</b>

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

### 12. Investment in subsidiaries

#### Incorporation of new subsidiaries

On 3 August 2021, the Company had acquired a wholly-owned subsidiary, Green-Pest Management Pte. Ltd., with an issued and paid-up share capital of \$10,000 comprising 10,000 ordinary shares. The principal business of the subsidiary is the provision of vector control services, landscape care and other related maintenance service activities.

On 11 November 2021, the Company had incorporated a wholly-owned subsidiary, ISOTeam Renewable Solutions Pte. Ltd., with an issued and paid-up share capital of \$1 comprising 1 ordinary shares. The principal business of the subsidiary is the provision of installation of solar panel and mixed construction activities.

#### 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.

### 13. Other investments

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

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 determined by reference to the share issuance transaction price of the investee company in prior year. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

On 3 November 2021, the Company committed to sell off its shareholding in the investment, the sale transaction is expected to complete in first quarter of 2022. As the investment is expected to be disposed within 12 months from the end of the financial period, it has been reclassified from other investments to asset held for sale in the statement of financial statement as at 31 December 2021.

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

14. Borrowings

	The Group As at	
	31 December 2021 \$'000	30 June 2021 \$'000
<b><u>Amount repayable in one year or less, or on demand</u></b>		
Secured	27,623	30,237
<b><u>Amount repayable after one year</u></b>		
Secured	21,943	21,671
	49,566	51,908

**Notes**

( a ) Bank borrowings amounting to \$44.0 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 \$5.5 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.

15. Share capital

	Group and Company			
	31 December 2021		30 June 2021	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July/31 December/30 June	348,366	43,743	348,366	43,743

	Group and Company	
	31 December 2021	30 June 2021
	No. of shares '000	No. of shares '000
Total number of issued shares, including treasury shares	348,366	348,366
Treasury shares	(14)	(14)
Total number of issued shares, excluding treasury shares	<b>348,352</b>	<b>348,352</b>

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

16. Treasury shares

	Group and Company			
	31 December 2021		31 December 2020	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued Share capital \$'000
At 1 July	14	3	1,298	350
Share buyback	-	-	-	-
Treasury shares reissued pursuant to the acquisition of a subsidiary	-	-	(1,284)	(347)
At 31 December	14	3	14	3
Percentage (%) of treasury shares against total number of shares outstanding as at 31 December	0.0%		0.0%	

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. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

**Warrants**

	31 December 2021	31 December 2020
	Warrants	Warrants
As at 1 July	12,500,000	59,893,365
Warrants expired	-	(11,848,341)
As at 31 December	12,500,000	48,045,024
Percentage (%) of warrants against total number of shares outstanding as at 31 December	3.6%	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 2021, no warrants were expired.

## 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:

	The Group	
	6 months ended	
Group	31 December 2021	31 December 2020
	\$'000	\$'000
<b>With related parties</b>		
<i>Income</i>		
Sales	-	(62)
<i>Expenses</i>		
Purchases	2,192	900
Testing fee	-	89
<b>Company</b>		
Receipts on behalf	(87)	(300)
Loan	-	2,243
Repayment of loan	(114)	(5,826)
<i>Income</i>		
Management fee	(765)	(527)
Interest income	(169)	(107)
<i>Expenses</i>		
Recharge of expense	1	36

### 17b. Compensation of key management personnel.

There were no significant changes to the key management personnel in 6MFY2022. There were no changes to the compensation scheme in 6MFY2022.

### 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:

- a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- b) 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
- c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

### 18. Fair value hierarchy (Cont'd)

#### Assets measured at fair value

The financial assets at fair value through profit or loss is classified as Level 3. The fair value of the unquoted equity shares is determined by reference to the investee company's share issuance transaction price in prior 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.

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

Movements in Level 3 assets and liabilities measured at fair value

	Unquoted equity shares	
	31 December 2021	30 June 2021
	\$'000	\$'000
Balance at beginning of financial year	7,980	6,380
Gain on distribution from other investment	-	907
Fair value loss recognised in profit or loss	-	693
Reclassification to assets held for sale (Note 13)	(7,980)	-
Balance at end of financial year	-	7,980

### 19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements for the six months period ended 31 December 2021.

#### Increase in Shareholding in a Subsidiary Company

On 18 January 2022, ISOTeam Renewable Solutions Pte Ltd ("IRS"), a wholly-owned subsidiary of the Company, issued and allotted an additional 249,999 new ordinary shares of S\$1 each to 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 six months period ended 31 December 2021.

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.

#### Change of name of Subsidiary Company

On 25 January 2022, ISOTeam Projects Pte. Ltd, a wholly-owned subsidiary of the Company has changed its name to TMG Projects 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 31 December 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-months period ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.
- Review of performance of the Group**

Revenue	Group				
	Six Months Ended				
	31.12.2021		31.12.2020		Change
	\$'000	%	\$'000	%	%
R&R	13,172	29.2	13,691	37.3	-3.8
A&A	17,668	39.3	11,088	30.2	59.3
C&P	3,750	8.3	2,124	5.8	76.6
Others <sup>(a)</sup>	10,458	23.2	9,810	26.7	6.6
	<b>45,048</b>	<b>100.0</b>	<b>36,713</b>	<b>100.0</b>	22.7

<sup>(a)</sup> Others included revenue from home retrofitting business, landscaping works, interior design, leasing, green solutions business, mechanical & electrical engineering works, vector control services and handyman service.

### Condensed Interim Consolidated Statement of Comprehensive income

#### Revenue

##### 6MFY2022 vs 6MFY2021

Group revenue increased by \$8.3 million or 22.7% from \$36.7 million in 6MFY2021 to \$45.0 million in 6MFY2022. The increase was mainly due to increase in revenue contributed by all business segments offset by the decrease in R&R segment.

#### Gross profit and gross profit margin

##### 6MFY2022 vs 6MFY2021

The Group's gross profit increased by \$3.0 million from \$0.2 million in 6MFY2021 to \$3.2 million in 6MFY2022 mainly due to improved margins.

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

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

#### **Other income**

##### **6MFY2022 vs 6MFY2021**

The Group's other income decreased by \$3.4 million or 75.1% from \$4.6 million in 6MFY2021 to \$1.2 million in 6MFY2022. The decrease was mainly due to one-off gain on disposal of a property in 6MFY2021 and lesser government support schemes in 6MFY2022.

#### **Marketing and distribution expenses**

##### **6MFY2022 vs 6MFY2021**

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

#### **General and administrative expenses**

##### **6MFY2022 vs 6MFY2021**

The Group's general and administrative expenses increased by \$0.6 million or 11.7% from \$5.7 million in 6MFY2021 to \$6.3 million in 6MFY2022. The increase was mainly attributable to the increase in professional fees.

#### **Finance costs**

##### **6MFY2022 vs 6MFY2021**

The Group's finance costs increased by \$0.2 million or 27.5% from \$0.7 million in 6MFY2021 to \$0.9 million in 6MFY2022. This was mainly due to higher utilisation of trade facilities.

#### **Other operating expenses**

##### **6MFY2022 vs 6MFY2021**

The Group's other operating expenses decreased by \$3.7 million or 95.3% from \$3.9 million in 6MFY2021 to \$0.2 million in 6MFY2022. The decrease was mainly due to one-off impairment of goodwill in 6MFY2021.

#### **Loss before tax**

##### **6MFY2022 vs 6MFY2021**

As a result of the above, the Group recorded a loss before tax of \$3.8 million in 6MFY2022 compared to a loss before tax of \$6.8 million in 6MFY2021.

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

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

#### **Tax (expenses)/credit**

##### **6MFY2022 vs 6MFY2021**

The Group's tax expenses increased by \$0.4 million or 128.1% from tax credit of \$0.3 million in 6MFY2021 to tax expense of \$0.1 million in 6MFY2022. This was mainly due to reduction of overprovision of taxation in prior years offset by the increase in deferred tax liabilities.

### **Condensed Interim Statements of Financial Position**

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

The Group's non-current assets decreased by \$15.2 million or 32.8% from \$46.2 million as at 30 June 2021 to \$31.0 million as at 31 December 2021, mainly due to goodwill relate to disposal of subsidiaries and the reclassification of other investments to asset held for sale in 6MFY2022.

#### **Current assets**

The increased in current assets of \$3.2 million or 4.6% from \$68.3 million as at 30 June 2021 to \$71.5 million as at 31 December 2021 was mainly due to increased in asset held for sale offset by the decrease in trade and other receivables.

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

There were no material changes in Group's non-current liabilities during the financial period under review.

#### **Current liabilities**

The decrease in current liabilities of \$8.6 million or 14.3% from \$59.9 million as at 30 June 2021 to \$51.3 million as at 31 December 2021 was mainly due to the decrease in trade and other payables.

### **Condensed Interim Consolidated Statement of Cash Flows**

#### **Net cash used in operating activities**

##### **6MFY2022**

Net cash used in operating activities amounted to \$0.9 million in 6MFY2022 was mainly due to decreased in trade and other payables which were offset by the increase in trade and other receivables.

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

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

**Net cash generated from investing activities**

**6MFY2022**

Net cash from investing activities amounted to \$4.4 million in 6MFY2022 was mainly due to the proceeds from disposal of subsidiaries and associates offset by purchases of plant and equipment and intangible assets.

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

**6MFY2022**

Net cash used in financing activities of \$2.8 million in 6MFY2022 was mainly due to repayment of borrowings, interest paid and repayment of lease liabilities which were partially offset by drawdown of borrowings.

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

Not applicable.

**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.**

According to the Ministry of Trade and Industry Singapore ("MTI") advanced estimates released on 3 January 2022, Singapore's construction sector grew 18.7 per cent year-on-year in 2021. In absolute terms, the value-added of the construction sector remained 26.0 per cent below its pre-Covid level, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers.

The construction industry continues to be plagued by rising cost and manpower issues. The Group expects operating conditions in the construction sector to remain challenging with pressure to complete existing projects amid manpower shortage and deployment challenges.

As we move into FY2022, amidst such a challenging environment, the Group's order book as at 31 December 2021 stands at \$152.7 million, which should support the Group's activities through FY2024.

The Group will continue to monitor closely the situation to ensure smooth progress and delivery of these 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

**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. 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).

**8. 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 6MFY2022 to be false or misleading in any material aspect.

**9. 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.

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

During the period from 1 July 2021 to 31 December 2021, the movement of the Company's shareholdings in subsidiaries/associates up to date of this announcement are as follows:

**(i) Acquisition of shares resulting in a company becoming a 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 of S\$90,574, which was based on the audited net asset value ("NAV") of GPM as at 30 June 2020 of S\$90,574, was satisfied wholly in cash on completion of the GPM Acquisition.

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.

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

**(ii) Sale of shares resulting in a company ceasing to be a subsidiary or an associated company**

**(a) Divestment of ITG Projects Sdn. Bhd.**

On 6 September 2021, the Company completed the sale 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 of S\$355,407, which was based on the net carrying value of ITGP as at 31 December 2020, was satisfied wholly in cash on completion of the ITGP Divestment.

The unaudited NAV of ITGP as at 30 June 2021 was RM1,531,000.

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 audited net tangible assets as at 30 June 2020.

Following the completion of the ITGP Divestment, ITGP ceased to be an associated company of the Company.

**(b) Divestment of ISOTeam FP Pte. Ltd.**

On 19 November 2021, ISOTeam C&P Pte. Ltd., a wholly-owned subsidiary of the Company, completed the sale of 35,000 ordinary shares representing 35% of the share capital of ISOTeam FP Pte. Ltd. ("ISOFP") ("FP Divestment") to the other shareholders of ISOFP.

The consideration for the FP Divestment of S\$35,000, which was based on the Company's cost of investment in ISOFP, was satisfied wholly in cash on completion of the FP Divestment.

The unaudited net liability value of ISOFP as at 30 September 2021 was S\$91,000.

Following the completion of the FP Divestment, ISOFP ceased to be an associated company of the Company.

**(iii) Change in shareholding in a subsidiary**

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 shareholding in SG Bike has decreased from 51% to 48.11% with SG Bike remaining as a subsidiary of the Company.

**(iv) Incorporation of subsidiary**

On 11 November 2021, the Company has incorporated a wholly-owned subsidiary in Singapore known as ISOTeam Renewable Solutions Pte. Ltd. ("**IRS**") with an issued and paid-up share capital of S\$1 divided into 1 ordinary share. The principal business of IRS is the provision of installation of solar panel and mixed construction activities.

**(v) Increase in issued and paid up share capital of subsidiary**

On 2 November 2021, ISO-Team Corporation Pte Ltd, a wholly-owned subsidiary of the Company, issued 4,000,000 ordinary shares at \$1 each to the Company by way of capitalisation of existing shareholder's loan(s) amounting to S\$4,000,000, thereby increasing its issued and paid-up share capital from S\$3,500,000 divided into 3,500,000 ordinary shares to S\$7,500,000 divided into 7,500,000 ordinary shares.

**BY ORDER OF THE BOARD**

**David Ng Cheng Lian**  
**Executive Chairman**  
**11 February 2022**

**Anthony Koh Thong Huat**  
**CEO**

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, 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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