



ISOTEAM

ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group				Group		
	Note	Six Months Ended		Change	Twelve Months Ended		Change
		30.06.23	30.06.22 (restated)		30.06.23	30.06.22 (restated)	
		\$'000	\$'000	%	\$'000	\$'000	%
Income Statement							
Revenue	3	57,689	52,671	9.5	110,400	96,483	14.4
Cost of sales		(50,464)	(50,186)	0.6	(99,338)	(92,054)	7.9
Gross profit		7,225	2,485	190.7	11,062	4,429	149.8
Other income	4	1,367	5,629	(75.7)	4,627	6,780	(31.8)
Marketing and distribution expenses		(394)	(494)	(20.2)	(814)	(985)	(17.4)
General and administrative expenses		(5,519)	(6,533)	(15.5)	(11,278)	(12,095)	(6.8)
Finance costs	5	(1,251)	(865)	44.6	(2,297)	(1,722)	33.4
Impairment loss on receivables and contract assets		(250)	(9,479)	(97.4)	(568)	(9,770)	(94.2)
Other operating expenses		(121)	(1,252)	(90.3)	(244)	(1,437)	(83.0)
Share of results of associate		-	-	-	-	19	N/M
Profit/(Loss) before tax	6	1,057	(10,509)	N/M	488	(14,781)	N/M
Tax credit	7	425	765	(44.4)	657	684	(3.9)
Profit/(Loss) for the period/year		1,482	(9,744)	N/M	1,145	(14,097)	N/M
Profit /(Loss) attributable to:							
Equity holders of the Company		1,506	(9,256)	N/M	1,405	(13,244)	N/M
Non-controlling interests		(24)	(488)	(95.1)	(260)	(853)	(69.5)
		1,482	(9,744)	N/M	1,145	(14,097)	N/M

"N/M" denotes Not Meaningful

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Group				Group		
	Note	Six Months Ended		Change	Twelve Months Ended		Change
		30.06.23	30.06.22 (restated)		30.06.23	30.06.22 (restated)	
		\$'000	\$'000	%	\$'000	\$'000	%
Statement of Comprehensive Income							
Profit/(Loss) for the period/year		1,482	(9,744)	N/M	1,145	(14,097)	N/M
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation (loss)/gain		(1)	(1)	N/M	-	55	N/M
Other comprehensive (loss)/ income for the period/ year, net of tax		(1)	(1)	N/M	-	55	N/M
Total comprehensive income/ (loss) for the period/year		1,481	(9,745)	N/M	1,145	(14,042)	N/M
Total comprehensive income/ (loss) attributable to:							
Equity holders of the Company		1,507	(9,256)	N/M	1,404	(13,190)	N/M
Non-controlling interests		(26)	(489)	(94.7)	(259)	(852)	(69.6)
		1,481	(9,745)	N/M	1,145	(14,042)	N/M

"N/M" denotes Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group			Company		
		As at 30.06.23	As at 30.06.22 (restated)	As at 01.07.21 (restated)	As at 30.06.23	As at 30.06.22	As at 01.07.21
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
<u>Non-current assets</u>							
Property, plant and equipment		21,525	25,282	28,963	-	-	-
Goodwill	11	1,662	1,662	6,896	-	-	-
Intangible assets		210	533	2,303	18	81	156
Investment in subsidiaries	12	-	-	-	25,636	25,450	36,418
Investment in associates		-	-	48	-	-	-
Other investments	13	3,467	-	7,980	3,467	-	7,980
Deferred tax assets		993	700	-	-	-	-
		27,857	28,177	46,190	29,121	25,531	44,554
<u>Current assets</u>							
Contract assets		36,064	23,608	22,454	-	-	-
Asset held for sale		-	-	348	-	-	265
Inventories		194	254	677	-	-	-
Tax recoverable		112	109	65	-	-	-
Trade and other receivables		29,875	22,053	34,401	6,852	7,369	20,184
Cash and bank balances		6,583	18,620	15,493	266	4,636	666
Total current assets		72,828	64,644	73,438	7,118	12,005	21,115
Total assets		100,685	92,821	119,628	36,239	37,536	65,669
<u>Non-current liabilities</u>							
Lease liabilities	14	3,305	3,740	4,748	-	-	-
Deferred tax liabilities		-	579	578	4	4	4
Loans and borrowings	14	13,543	17,960	16,923	1,686	2,267	-
Total non-current liabilities		16,848	22,279	22,249	1,690	2,271	4
<u>Current liabilities</u>							
Contract liabilities		2,265	2,590	3,518	-	-	-
Loans and borrowings	14	30,381	23,520	28,462	6,299	7,094	8,600
Trade and other payables		24,337	22,224	28,573	2,980	409	6,136
Lease liabilities	14	1,183	1,288	1,775	-	-	-
Total current liabilities		58,166	49,622	62,328	9,279	7,503	14,736
Total liabilities		75,014	71,901	84,577	10,969	9,774	14,740
Net assets		25,671	20,920	35,051	25,270	27,762	50,929

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group			Company		
		As at 30.06.23	As at 30.06.22 (restated)	As at 01.07.21 (restated)	As at 30.06.23	As at 30.06.22	As at 01.07.21
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Share capital and reserves							
Share capital	15	43,743	43,743	43,743	43,743	43,743	43,743
Treasury shares	16	(152)	(152)	(3)	(152)	(152)	(3)
Accumulated losses		(10,557)	(11,962)	1,282	(18,467)	(15,847)	7,171
Foreign currency translation reserve		32	33	(21)	-	-	-
Merger reserve		(7,305)	(7,338)	(7,338)	-	-	-
Other reserves		39	(60)	(89)	146	18	18
Equity attributable to equity holders of the Company		25,800	24,264	37,574	25,270	27,762	50,929
Non-controlling interests		(129)	(3,344)	(2,523)	-	-	-
Total equity		25,671	20,920	35,051	25,270	27,762	50,929

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			
Balance at 1 July 2021 (restated)	43,743	(3)	(7,338)	(21)	(89)	1,282	37,574	(2,523)	35,051
Loss for the year, restated	-	-	-	-	-	(13,244)	(13,244)	(853)	(14,097)
Other comprehensive income									
Foreign currency translation gain	-	-	-	54	-	-	54	1	55
Other comprehensive income for the year, net of tax	-	-	-	54	-	-	54	1	55
Total comprehensive income/ (loss) for the year	-	-	-	54	-	(13,244)	(13,190)	(852)	(14,042)
Contribution by and distributions to equity holders									
Purchase of treasury shares	-	(149)	-	-	-	-	(149)	-	(149)
Share-based payment to non-controlling interest	-	-	-	-	29	-	29	31	60
	-	(149)	-	-	29	-	(120)	31	(89)
Total transactions with equity holders of the Company	-	(149)	-	-	29	-	(120)	31	(89)
Balance at 30 June 2022 (restated)	43,743	(152)	(7,338)	33	(60)	(11,962)	24,264	(3,344)	20,920

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 Profits / (losses) \$'000			
	Balance at 1 July 2022, restated	43,743	(152)	(7,338)	33	(60)			
Profit for the year	-	-	-	-	-	1,405	1,405	(260)	1,145
Other comprehensive income									
Foreign currency translation (loss)/gain	-	-	-	(1)	-	-	(1)	1	-
Other comprehensive (loss)/ income for the year, net of tax	-	-	-	(1)	-	-	(1)	1	-
Total comprehensive income for the year	-	-	-	(1)	-	1,405	1,404	(259)	1,145
Changes in ownership interest in a subsidiary									
Disposal of a subsidiary	-	-	33	-	(29)	-	4	-	4
Elimination of non-controlling interest at disposal	-	-	-	-	-	-	-	3,474	3,474
Equity-settled share-based payment	-	-	-	-	128	-	128	-	128
	-	-	33	-	99	-	132	3,474	3,606
Total transactions with equity holders of the Company	-	-	33	-	99	-	132	3,474	3,606
Balance at 30 June 2023	43,743	(152)	(7,305)	32	39	(10,557)	25,800	(129)	25,671

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Company	Share Capital \$'000	Treasury Capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 30 June 2021 and 1 July 2021	43,743	(3)	18	7,171	50,929
Loss and total comprehensive loss for the year	-	-	-	(23,018)	(23,018)
Contribution by and distributions to equity holders					
Purchase of treasury shares	-	(149)	-	-	(149)
	-	(149)	-	-	(149)
Balance at 30 June 2022 and 1 July 2022	43,743	(152)	18	(15,847)	27,762
Loss and total comprehensive loss for the year	-	-	-	(2,620)	(2,620)
Contribution by and distributions to equity holders					
Equity-settled share-based payment	-	-	128	-	128
	-	-	128	-	128
Balance at 30 June 2023	43,743	(152)	146	(18,467)	25,270

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Twelve Months Ended	
	30.06.23	30.06.22 (restated)
	\$'000	\$'000
Cash flows from operating activities		
Profit /(Loss) before income tax	488	(14,781)
Adjustment for: -		
Amortisation of intangible assets	286	404
Depreciation of property, plant and equipment	3,381	4,309
Net (gain)/loss on disposal of property, plant and equipment	(23)	54
Impairment loss on receivables and contract assets	568	9,770
Interest income	(116)	(108)
Bad debts written off	209	-
Interest expense	1,918	1,677
Property, plant and equipment written off	-	59
Intangible assets written off	-	545
Bad debts written back	(38)	(13)
Inventory written off	-	83
Gain on disposal from other investment	-	(3,775)
Loss on disposal of associates (net)	-	25
Gain on disposal of subsidiaries	(2,447)	(216)
Gain on derecognition of subsidiary	-	(997)
Gain on lease modification	-	(59)
Bargain purchase from acquisition of a business	-	(21)
Impairment loss of intangible assets	-	550
Equity-settled share-based payments	128	60
Share of results of associate	-	(19)
Operating cash flows before working capital changes	4,354	(2,453)
Contract assets	(12,595)	(6,591)
Contract liabilities	1,494	(928)
Inventories	(30)	340
Trade and other receivables	(14,528)	6,007
Trade and other payables	10,610	(1,712)
Cash used in from operations	(10,695)	(5,337)
Interest received	116	108
Tax paid	(3)	(8)
Net cash used in operating activities	(10,582)	(5,237)

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

	Group	
	Twelve Months Ended	
	30.06.23	30.06.22 (restated)
	\$'000	\$'000
Cash flows from investing activities		
Additions to intangible assets	(80)	(14)
Purchases of property, plant and equipment	(1,101)	(776)
Proceeds from disposal of other investments	-	11,755
Proceeds from disposal of property, plant and equipment	95	493
Proceeds from disposal of associates	-	390
Net cash inflows from disposal and derecognition of subsidiaries (net)	-	4,284
Net cash outflows for acquisition of a subsidiary	-	(33)
Net cash (used in)/generated from investing activities	(1,086)	16,099
Cash flows from financing activities		
(Placement)/withdraw of fixed deposits pledged to banks	(2,539)	522
Purchase of treasury shares	-	(149)
Due to related parties (non-trade)	89	(100)
Due to directors (non-trade)	240	-
Drawdown of bank borrowings	43,669	27,496
Repayment of bank borrowings	(41,056)	(32,156)
Interest paid	(1,823)	(1,580)
Repayment of lease liabilities	(1,257)	(1,940)
Net cash used in financing activities	(2,677)	(7,907)
Net (decrease)/increase in cash and cash equivalents	(14,345)	2,955
Cash and cash equivalents at beginning of financial period/year	16,111	13,156
Cash and cash equivalents at end of financial period/ year	1,766	16,111

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	
	Twelve Months Ended	
	30.06.23	30.06.22 (restated)
	\$'000	\$'000
Cash in hand and at bank	2,416	11,780
Fixed deposits	4,167	6,840
	6,583	18,620
Less: Fixed deposits pledged	(4,167)	(1,628)
Less: Bank overdrafts	(650)	(881)
	1,766	16,111

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, mechanical & electrical engineering works, vector control services and handyman services.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting and Corporate Regulatory Authority. 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 interim financial statements for the period ended 31 December 2022.

Previously, the Group used the value of work performed relative to the total contract value as determined by surveys of work performed to measure the progress of construction services and revenue recognition. In FY2023, the Group carried out a thorough review of the method used to measure the progress of construction services taking into consideration the profile of existing ongoing contracts and determined that accounting for revenue using the proportion of contract costs incurred-to-date over the total budgeted costs would be a more appropriate method going forward. The change has been applied retrospectively in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors. The comparative figures of the Group in these financial statements have been restated in order to provide meaningful comparable information.

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 (“\$”) which is the Company’s functional currency and all values are rounded to the nearest thousand (“\$’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 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.

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

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

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 2022.

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

2.3. Prior year adjustment

Prior year adjustment has been made in relation to the change of accounting estimates for revenue recognition as stated in Note 2. Below are the adjustments:

	As previously reported	Adjustment	As restated
For year ended 30 June 2022	\$'000	\$'000	\$'000
Revenue for the year	99,878	(3,395)	96,483
General and administrative expenses	(12,460)	365	(12,095)
Loss before tax	(11,751)	(3,030)	(14,781)
Contract assets	23,553	55	23,608
Contract liabilities	1,875	715	2,590
Trade and other payables	22,516	(292)	22,224

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, mechanical & electrical engineering works, vector control services and handyman services.

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)

3.1. Operating segments

1 January 2023 to 30 June 2023	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	19,199	15,094	8,422	14,974	57,689
Segment profit/(loss)	4,704	(1,338)	1,300	(348)	4,318
Depreciation and amortisation					(1,644)
Other non-cash (expense)/income					(457)
Interest income					91
Finance costs					(1,251)
Profit before tax					1,057
Segment assets	17,398	28,768	14,348	34,261	94,775
Unallocated assets					5,910
Total assets					100,685
Segment liabilities	5,243	-	8,076	2,322	15,641
Unallocated liabilities					59,373
Total liabilities					75,014
1 January 2022 to 30 June 2022 (restated)	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	16,436	18,258	8,104	9,873	52,671
Segment profit/(loss)	3,200	(4,966)	3,978	(4,302)	(2,090)
Depreciation and amortisation					(2,271)
Other non-cash (expense)/income					(5,301)
Interest income					18
Finance costs					(865)
Loss before tax					(10,509)
Segment assets	17,693	20,001	8,318	6,113	52,125
Unallocated assets					40,696
Total assets					92,821
Segment liabilities	7,554	-	1,266	1,739	10,559
Unallocated liabilities					61,342
Total liabilities					71,901

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

3.1. Operating segments (cont'd)

1 July 2022 to 30 June 2023	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	35,253	33,325	13,521	28,301	110,400
Segment profit/(loss)	6,979	(1,940)	644	(1,055)	4,664
Depreciation and amortisation					(3,667)
Other non-cash (expense)/income					1,671
Interest income					117
Finance costs					(2,297)
Profit before tax					488
Segment assets	17,398	28,768	14,348	34,261	94,775
Unallocated assets					5,910
Total assets					100,685
Segment liabilities	5,243	-	8,076	2,322	15,641
Unallocated liabilities					59,373
Total liabilities					75,014
1 July 2021 to 30 June 2022 (restated)	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	29,188	37,355	9,126	20,814	96,483
Segment profit/(loss)	4,739	(5,206)	1,858	(3,949)	(2,558)
Depreciation and amortisation					(4,713)
Other non-cash expense					(5,877)
Interest income					108
Finance costs					(1,722)
Share of results of associate					(19)
Loss before tax					(14,781)
Segment assets	17,693	20,001	8,318	6,113	52,125
Unallocated assets					40,696
Total assets					92,821
Segment liabilities	7,554	-	1,266	1,739	10,559
Unallocated liabilities					61,342
Total liabilities					71,901

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

3.2. Disaggregation of revenue

1 January 2023 to 30 June 2023	The Group 6 months ended 30 June 2023				
	R&R	A&A	C&P	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Revenue from contracts	19,199	15,094	8,422	12,222	54,937
Revenue from other services	-	-	-	2,752	2,752
Total revenue	19,199	15,094	8,422	14,974	57,689
Timing of revenue recognition:					
Over time	19,199	15,094	8,422	14,974	57,689
Total revenue	19,199	15,094	8,422	14,974	57,689

1 January 2022 to 30 June 2022 (restated)	The Group 6 months ended 30 June 2022				
	R&R	A&A	C&P	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Revenue from contracts	16,436	18,258	8,104	4,690	47,488
Revenue from other services	-	-	-	3,086	3,086
Revenue from leasing	-	-	-	2,033	2,033
Sale of goods	-	-	-	64	64
Total revenue	16,436	18,258	8,104	9,873	52,671
Timing of revenue recognition:					
At a point in time	-	-	-	64	64
Over time	16,436	18,258	8,104	9,809	52,607
Total revenue	16,436	18,258	8,104	9,873	52,671

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

3.2. Disaggregation of revenue (Cont'd)

1 July 2022 to 30 June 2023	The Group 12 months ended 30 June 2023				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Types of goods or service:					
Revenue from contracts	35,253	33,325	13,521	23,646	105,745
Revenue from other services	-	-	-	3,184	3,184
Revenue from leasing	-	-	-	1,419	1,419
Sale of goods	-	-	-	52	52
Total revenue	35,253	33,325	13,521	28,301	110,400
Timing of revenue recognition:					
At a point in time	-	-	-	52	52
Over time	35,253	33,325	13,521	28,249	110,348
Total revenue	35,253	33,325	13,521	28,301	110,400

1 July 2021 to 30 June 2022 (restated)	The Group 12 months ended 30 June 2022				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Types of goods or service:					
Revenue from contracts	29,188	37,355	9,126	12,878	88,547
Revenue from other services	-	-	-	3,420	3,420
Revenue from leasing	-	-	-	4,392	4,392
Sale of goods	-	-	-	124	124
Total revenue	29,188	37,355	9,126	20,814	96,483
Timing of revenue recognition:					
At a point in time	-	-	-	124	124
Over time	29,188	37,355	9,126	20,690	96,359
Total revenue	29,188	37,355	9,126	20,814	96,483

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

4. Other Income

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Government grants	667	361	1,045	683
Gain on disposal of property, plant and equipment	20	22	24	63
Interest income	90	18	116	108
Administrative income	26	112	58	205
Foreign exchange gain/(loss)	16	(2)	25	-
Gain on disposal of subsidiaries	-	-	2,447	216
Gain on disposal of associate	-	-	-	7
Gain on derecognition of subsidiary	-	997	-	997
Gain on disposal of other investment	-	3,775	-	3,775
Sales of spare parts	-	92	72	161
Bargain purchase from acquisition of a business	-	-	-	21
Others	548	254	840	544
	1,367	5,629	4,627	6,780

5. Finance costs

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Interest expenses	1,012	733	1,901	1,536
Bank charges	192	107	324	141
Factoring charges	47	25	72	45
	1,251	865	2,297	1,722

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

6. Profit before tax

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022 (restated)	30 June 2023	30 June 2022 (restated)
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets	120	169	286	404
Allowance for impairment on receivables and contract assets	208	9,194	568	9,770
Bad debts written back	(38)	(13)	(38)	(13)
Bad debts written off	254	-	209	409
Depreciation of property, plant and equipment	1,524	2,102	3,381	4,309
Impairment loss on intangible asset	-	550	-	550
Impairment loss on inventories	-	77	-	77
Inventories written off	-	6	-	6
Property, plant and equipment written off	-	59	-	59
Intangible assets written off	-	545	-	545
Equity-settled share-based payment	128	-	128	60
Net loss on disposal of associates	-	-	-	25
Share of result of associates	-	-	-	(19)
Net (gain)/loss on disposal of plant and equipment	(19)	79	(23)	54

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

7. Taxation

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Tax credit attributable to loss is made up of:				
Current income tax:				
- Current year	-	(1)	-	31
- Under/(over) provision of taxation in prior years	3	(17)	3	(18)
Deferred tax:				
- Current year	(428)	(422)	(660)	(372)
- Over provision in prior years	-	(325)	-	(325)
	<u>(425)</u>	<u>(765)</u>	<u>(657)</u>	<u>(684)</u>

8. Earnings/(Loss) per share

The following reflects the loss 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 2023	30 June 2022 (restated)	30 June 2023	30 June 2022 (restated)
Profit/(Loss) attributable to equity holders of the Company (\$'000)	<u>1,506</u>	<u>(9,256)</u>	<u>1,405</u>	<u>(13,244)</u>
Weighted average number of ordinary shares	<u>347,170,931</u>	<u>348,072,641</u>	<u>347,170,931</u>	<u>348,072,641</u>
Earnings/(Loss) per share (cents)				
- Basic and diluted	<u>0.43</u>	<u>(2.66)</u>	<u>0.40</u>	<u>(3.80)</u>

For the financial year ended 30 June 2023 and 30 June 2022, 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 2023	30 June 2022 (restated)	30 June 2023	30 June 2022 (restated)
Net assets value (\$'000)	25,800	24,264	25,270	27,762
Number of ordinary shares	347,170,931	347,170,931	347,170,931	347,170,931
Net assets value per ordinary share (cents)	7.43	6.99	7.28	8.00

10. Property, plant and equipment

During the 6 months and 12 months ended 30 June 2023, the Group acquired assets amounting to \$943,000 and \$2,722,000 respectively and disposed of assets amounting to \$112,000 and \$703,000 respectively.

11. Goodwill

	The Group	
	As at	
Cost	30 June 2023 \$'000	30 June 2022 \$'000
At 1 July	10,341	15,575
Disposal of subsidiaries	(821)	(5,059)
Derecognition of a subsidiary	-	(175)
At 30 June	9,520	10,341
Accumulated impairment loss		
At 1 July	8,679	8,679
Disposal of subsidiaries	(821)	-
At 30 June	7,858	8,679
Net carrying value	1,662	1,662

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 30 June 2023, the Group reviewed the key assumptions used in the value-in-use calculation as at 30 June 2022 impairment test and has made changes to the assumptions. No impairment loss was recognised as at 30 June 2023.

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

11. Goodwill (Cont'd)

Impairment testing of goodwill (Cont'd)

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

	The Group	
	As at	
	30 June 2023	30 June 2022
Cash Generating Unit and principal activities		
	\$'000	\$'000
CGU 1 - Repair & redecoration and coatings & paintings	1,383	1,383
CGU 2 - Landscaping works	279	279
	1,662	1,662

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
2023		
Terminal value growth rate	3.50%	3.50%
Pre-tax discount rate	12.12%	9.24%
2022		
Terminal value growth rate	3.50%	3.50%
Pre-tax discount rate	12.27%	9.24%

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 3.5% 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.

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

11. Goodwill (Cont'd)

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.

12. Investment in subsidiaries

Increase in Shareholding in a Subsidiary Company

On 20 October 2022 and 16 November 2022, ISO-Integrated M&E Pte. Ltd., a wholly-owned subsidiary of the Company, issued 2,460,000 ordinary shares and 500,000 ordinary shares respectively at \$1 each to the Company by way of capitalisation of existing shareholder's loan(s) and capital injection respectively.

On 31 January 2023, ISO-Team Corporation Pte. Ltd., a wholly-owned subsidiary of the Company, issued 2,100,000 ordinary shares at \$1 each to the Company by capital injection.

Change of name of Subsidiary Company

On 19 December 2022, Industrial Contracts Marketing (2001) Pte Ltd, a wholly-owned subsidiary of the Company has changed its name to ISOTeam AET Pte. Ltd.

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, \$5,000,000 was impaired during the financial year as the recoverable amounts assessed were in excess of the carrying amounts of the cash generating units.

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

13. Other investments

	The Group As at	
	30 June 2023	30 June 2022 (restated)
	\$'000	\$'000
Unquoted equity shares - Financial assets at fair value through profit or loss	3,467	-

On 5 December 2022, the Company entered into subscription agreements with Multi-Asset Growth Strategy VCC (the "VCC"), to transfer the Company's interests in SG Bike Pte Ltd, ISOTeam Access Pte Ltd and ISOTeam Green Solutions Pte Ltd as consideration for participating shares of the VCC with the transaction completed on 12 December 2022. The Group has elected to measure the interests in the VCC at fair value through profit or loss. The fair values of these anticipating shares has been determined by reference to quarterly reports issued by the VCC's professional fund manager with their best estimate of the value.

14. Borrowings

	The Group As at	
	30 June 2023	30 June 2022 (restated)
	\$'000	\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured	30,764	24,008
Unsecured	800	800
<u>Amount repayable after one year</u>		
Secured	16,848	21,700
	<u>48,412</u>	<u>46,508</u>

Notes

a) Bank borrowings amounting to \$43.1 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 \$4.5 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			
	2023		2022	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July/30 June	348,366	43,743	348,366	43,743

There is no movement of share capital from 1 July 2022 to 31 December 2022 and to 30 June 2023

	Group and Company	
	30 June 2023	30 June 2022
	No. of shares '000	No. of shares '000
Total number of issued shares, including treasury shares	348,366	348,366
Treasury shares	(1,195)	(1,195)
Total number of issued shares, excluding treasury shares	347,171	347,171

16. Treasury shares

	Group and Company			
	2023		2022	
	Number of treasury shares '000	Value of shares \$'000	Number of treasury shares '000	Value of shares \$'000
At 1 July	1,195	152	14	3
Share buyback	-	-	1,181	149
At 30 June	1,195	152	1,195	152
Percentage (%) of treasury shares against total number of shares outstanding as at 30 June	0.3%		0.3%	

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.

During FY2022, the Company has conducted share buy back and purchased a total of 1,181,300 shares in the Company. Accordingly, the Company has a total number of 1,195,659 treasury shares as at 30 June 2022 and as at 30 June 2023. There were no sales, transfers, cancellation and/or use of treasury shares during 6MFY2023.

As at 30 June 2023 and 30 June 2022, the Company does not have any outstanding convertibles.

There were no shares held by subsidiary holdings as at 30 June 2023 and 30 June 2022.

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		12 months ended	
	30 June 2023	30 June 2022 (restated)	30 June 2023	30 June 2022 (restated)
Group	\$'000	\$'000	\$'000	\$'000
With related parties				
<i>Expenses</i>				
Purchases	1,468	838	3,416	3,030
Testing fee	-	56	-	56

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		12 months ended	
	30 June 2023	30 June 2022 (restated)	30 June 2023	30 June 2022 (restated)
Company	\$'000	\$'000	\$'000	\$'000
Receipts on behalf	(42)	(66)	(236)	(153)
Loan	12	12,147	3,962	12,147
Repayment of loan	(100)	(1,723)	(808)	(1,837)
<i>Income</i>				
Management fee	(783)	(716)	(1,666)	(1,481)
Interest income	(16)	(113)	(114)	(282)
<i>Expenses</i>				
Recharge of expense	3	-	6	1

17b. Compensation of key management personnel.

There were no significant changes to the key management personnel in FY2023. There were no changes to the compensation scheme in FY2023.

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 (Cont'd)

The financial assets at fair value through profit or loss was classified as Level 3. The fair value of the unquoted equity shares was 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 was 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	
	2023	2022
	\$'000	\$'000
Balance at beginning of financial year	-	7,980
Addition during the year	3,467	-
Disposed during the year	-	(7,980)
Balance at end of financial year	3,467	-

19. Subsequent events

On 14 July 2023, the Company received the listing and quotation notice ("Notice") from the Singapore Exchange Limited ("SGX-ST") for the listing and quotation for up to 347,170,931 Rights Shares in the Company on the Catalist board of the SGX-ST. The Offer Information Statement was lodged on 27 July 2023 to SGX-ST and the Rights Shares were listed on 24 August 2023. Please note that the Notice is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

The Company has raised Net Proceeds of approximately \$10.3 million from the Rights Issue.

As at the date of this announcement, the Net Proceeds from the Rights Issue has been utilised as follows:

	Amount allocated	Amount utilised	Balance
	\$'000	\$'000	\$'000
General working capital requirements of the Group	7,180	-	7,180
Repayment of banking facilities	3,080	800	2,280
Total	10,260	800	9,460

Pending the deployment of the Net Proceeds for its intended use, the proceeds may be placed as deposits with financial institutions, or invested in short-term money market or debt instruments, or for any other purposes on a short-term basis as the Directors may deem fit in the interests of the Group. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the stated use of proceeds and in accordance with the percentage allocated.

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 2023 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 2023 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				
	30.06.23		30.06.22 (restated)		Change	30.06.23		30.06.22 (restated)		Change
	\$'000	%	\$'000	%	%	\$'000	%	\$'000	%	%
R&R	19,199	33.3	16,436	31.2	16.8	35,253	31.9	29,188	30.3	20.8
A&A	15,094	26.2	18,258	34.7	(17.3)	33,325	30.2	37,355	38.7	(10.8)
C&P	8,422	14.6	8,104	15.4	3.9	13,521	12.3	9,126	9.5	48.2
Others ^(a)	14,974	25.9	9,873	18.7	51.7	28,301	25.6	20,814	21.6	36.0
	57,689	100.0	52,671	100.0	9.5	110,400	100.0	96,483	100.0	14.4

^(a) Others included revenue from home retrofitting business, landscaping works, interior design, leasing, mechanical & electrical engineering works, vector control services and handyman services.

Condensed Interim Consolidated Statement of Comprehensive income

Revenue

6MFY2023 vs 6MFY2022 (restated)

Group revenue increased by \$5.0 million or 9.5% from \$52.7 million in 6MFY2022 to \$57.7 million in 6MFY2023. The increase was mainly due to increase in revenue attributed by all business segments offset by the decrease in A&A segment.

FY2023 vs FY2022 (restated)

The Group's revenue increased by \$13.9 million or 14.4% from \$96.5 million in FY2022 to \$110.4 million in FY2023. The increase was mainly due to increase in revenue of R&R, C&P and Others business segments offset by the decrease in A&A segment.

Gross profit and gross profit margin

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's gross profit increased by \$4.7 million from \$2.5 million in 6MFY2022 to \$7.2 million in 6MFY2023 and increased by \$6.6 million from \$4.4 million in FY2022 to \$11.0 million in FY2023 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

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's other income decreased by \$4.2 million or 75.7% from \$5.6 million in 6MFY2022 to \$1.4 million in 6MFY2023 and decreased by \$2.2 million or 31.8% from \$6.8 million in FY2022 to \$4.6 million in FY2023. The higher other income in FY2022 was mainly due to one-off gain on disposal of other investment.

Marketing and distribution expenses

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's marketing and distribution expenses decreased by \$0.1 million or 20.2% from \$0.5 million in 6MFY2022 to \$0.4 million in 6MFY2023 and decreased by \$0.2 million or 17.4% from \$1.0 million in FY2022 to \$0.8 million in FY2023. The decrease was mainly due to reduction in staff cost as a result of disposal of subsidiaries.

General and administrative expenses

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's general and administrative expenses decreased by \$1.0 million or 15.5% from \$6.5 million in 6MFY2022 to \$5.5 million in 6MFY2023 and decreased by \$0.8 million or 6.8% from \$12.1 million in FY2022 to \$11.3 million in FY2023. The decrease was mainly attributable to the decrease in professional fees.

Finance costs

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's finance costs increased by \$0.4 million or 44.6% from \$0.9 million in 6MFY2022 to \$1.3 million in 6MFY2023 and increased by \$0.6 million or 33.4% from \$1.7 million in FY2022 to \$2.3 million in FY2023. This was mainly due to increase utilisation of trade facilities and higher interest incurred on bank borrowings.

Impairment loss on receivables and contract assets

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's impairment loss on receivables and contract assets decreased by \$9.2 million or 97.4% from \$9.5 million in 6MFY2022 to \$0.3 million in 6MFY2023 and decreased by \$9.2 million or 94.2% from \$9.8 million in FY2022 to \$0.6 million in FY2023. This was mainly due to a one-off impairment in a wholly owned subsidiary, TMG Projects Pte. Ltd. in FY2022.

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

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

Other operating expenses

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's other operating expenses decreased by \$1.1 million or 90.3% from \$1.2 million in 6MFY2022 to \$0.1 million in 6MFY2023 and decreased by \$1.2 million or 83.0% from \$1.4 million in FY2022 to \$0.2 million in FY2023. The decrease was mainly due to reduction in amortisation of intangible assets as a result of derecognition of subsidiary in FY2022.

Profit/(Loss) before tax

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

As a result of the above, the Group recorded a profit before tax of \$1.1 million in 6MFY2023 compared to a loss before tax of \$10.5 million in 6MFY2022 and a profit before tax of \$0.5 million in FY2023 compared to a loss before tax of \$14.8 million in FY2022.

Tax credit

6MFY2023 vs 6MFY2022 (restated) and FY2023 vs FY2022 (restated)

The Group's tax credit decreased by \$0.4 million or 44.4% from \$0.8 million in 6MFY2022 to \$0.4 million in 6MFY2023 due to recognition of deferred tax expense. There were no material changes in Group's tax credit for FY2022 and FY2023.

Condensed Interim Statements of Financial Position

Non-current assets

The Group's non-current assets decreased by \$0.3 million from \$28.2 million as at 30 June 2022 to \$27.9 million as at 30 June 2023, mainly due to decrease in property, plant and equipment, intangible assets in relation to disposal of subsidiaries offset by the increase in Other Investment and deferred tax assets.

Current assets

The increase in current assets of \$8.2 million or 12.7% from \$64.6 million as at 30 June 2022 to \$72.8 million as at 30 June 2023 was mainly due to an increase in trade and other receivables and contract assets offset by the decrease in cash and bank balances as a result of settlement of trade and other payables.

Non-current liabilities

The decrease in non-current liabilities of \$5.5 million or 24.4% from \$22.3 million as at 30 June 2022 to \$16.8 million as at 30 June 2023 was mainly due to repayment of loans and borrowings and lease liabilities and the decrease in deferred tax liabilities.

Current liabilities

The increase in current liabilities of \$8.5 million or 17.2% from \$48.9 million as at 30 June 2022 to \$58.2 million as at 30 June 2023 was mainly due to the increase in trade and other payables and bank borrowings.

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

Condensed Interim Consolidated Statement of Cash Flows

Net cash used in operating activities

FY2023

Net cash used in operating activities amounted to \$10.6 million in FY2023 was mainly due to increase in contract assets and increase of trade and other receivables which were partially offset by an increase in trade and other payables and contract liabilities.

Net cash used in investing activities

FY2023

Net cash used in investing activities amounted to \$1.1 million was mainly due purchases of property, plant and equipment and intangible assets.

Net cash used in financing activities

FY2023

Net cash used in financing activities of \$2.7 million in FY2023 was mainly due to repayment of borrowings, interest paid and repayment of lease liabilities which were partially offset by drawn down 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 14 July 2023[#], Singapore’s construction sector grew by 6.6 per cent year-on-year in the second quarter of 2023, extending the 6.9 per cent growth in the first quarter. Growth during the quarter was supported by expansions in both public and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 2.6 per cent in the second quarter, accelerating from the 0.3 per cent growth in the preceding quarter.

The Group remains cautiously optimistic of the operating conditions in the construction sector due to rising manpower and material costs. The current interest rate environment is also expected to impact the Group’s cost of borrowing.

As at 30 June 2023, the order book of the Group stands at \$175.8 million, which should support the Group’s activities through FY2026. The Group will selectively tender for public and private sector projects, taking into consideration the prevailing market conditions.

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 to overcome the current situation.

[#] [Singapore’s GDP Grew by 0.7 Per Cent in the Second Quarter of 2023 \(mti.gov.sg\)](https://www.mti.gov.sg)

5. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend declared or recommended.

(b)(i) Amount per share in cents

Not applicable.

(b)(ii) Previous corresponding period in cents

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

During the period from 1 January 2023 to 30 June 2023, transactions pertaining to investment in subsidiaries are disclosed under Note 12, "Investment in subsidiaries".

9. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. 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 of this appendix.

10. A breakdown of sales.

	Group		Change
	30.06.23	30.06.22 (restated)	
	\$'000	\$'000	
Sales reported for first half year	52,711	43,812	20.3
Operating loss after tax before deducting non-controlling interest reported for first half year	(337)	(4,353)	(92.3)
Sales reported for second half year	57,689	52,671	9.5
Operating profit/(loss) after tax before deducting non-controlling interest reported for second half year	1,482	(9,744)	N/M

"N/M" denotes Not Meaningful

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	FY2023 \$'000	FY2022 \$'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

28 August 2023

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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