



ISOTEAM

ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	Note	Six Months Ended		Change
		31.12.22	31.12.21	
		\$'000	\$'000	%
Income Statement				
Revenue	3	53,420	45,048	18.6
Cost of sales		(48,874)	(41,868)	16.7
Gross profit		4,546	3,180	43.0
Other income	4	6,734	1,151	N/M
Marketing and distribution expenses		(420)	(491)	(14.5)
General and administrative expenses		(5,373)	(6,333)	(15.2)
Finance costs	5	(1,046)	(857)	22.1
Impairment loss on receivables and contract assets		(318)	(291)	9.3
Other operating expenses		(123)	(185)	(33.5)
Share of results of associate		-	19	(100.0)
Profit/(Loss) before tax	6	4,000	(3,807)	205.1
Tax credit/(expense)	7	232	(81)	N/M
Profit/(Loss) for the period		4,232	(3,888)	208.8
Profit/(Loss) attributable to:				
Equity holders of the Company		987	(3,400)	129.0
Non-controlling interests		3,245	(488)	N/M
		4,232	(3,888)	208.8

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

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

	Group			
	Note	Six Months Ended		Change
		31.12.22 \$'000	31.12.21 \$'000	
Statement of Comprehensive Income				
Profit/(Loss) for the period		4,232	(3,888)	208.8
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation gain		1	56	(98.2)
Other comprehensive income for the period, net of tax		1	56	(98.2)
Total comprehensive profit/(loss) for the period		4,233	(3,832)	210.5
Total comprehensive profit/(loss) attributable to:				
Equity holders of the Company		986	(3,346)	129.5
Non-controlling interests		3,247	(486)	N/M
		4,233	(3,832)	210.5

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

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31.12.22	As at 30.06.22	As at 31.12.22	As at 30.06.22
		\$'000	\$'000	\$'000	\$'000
Assets					
<u>Non-current assets</u>					
Property, plant and equipment		21,358	25,282	-	-
Goodwill	11	1,662	1,662	-	-
Intangible assets		331	533	44	81
Investment in subsidiaries	12	-	-	28,410	25,450
Investment in associate		-	-	-	-
Other investments	13	3,467	-	3,467	-
Deferred tax assets		565	700	-	-
		27,383	28,177	31,921	25,531
<u>Current assets</u>					
Contract assets		22,205	23,553	-	-
Inventories		170	254	-	-
Tax recoverable		110	109	-	-
Trade and other receivables		32,726	22,053	9,445	7,369
Cash and bank balances		7,565	18,620	290	4,636
Total current assets		62,776	64,589	9,735	12,005
Total assets		90,159	92,766	41,656	37,536
<u>Non-current liabilities</u>					
Lease liabilities	14	3,065	3,740	-	-
Deferred tax liabilities		-	579	4	4
Loans and borrowings	14	16,000	17,960	1,981	2,267
Total non-current liabilities		19,065	22,279	1,985	2,271
<u>Current liabilities</u>					
Contract liabilities		-	1,875	-	-
Loans and borrowings	14	26,553	23,520	6,646	7,094
Trade and other payables		17,965	22,516	2,437	409
Lease liabilities	14	1,051	1,288	-	-
Total current liabilities		45,569	49,199	9,083	7,503
Total liabilities		64,634	71,478	11,068	9,774
Net assets		25,525	21,288	30,588	27,762

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

	Note	Group		Company	
		As at 31.12.22	As at 30.06.22	As at 31.12.22	As at 30.06.22
		\$'000	\$'000	\$'000	\$'000
Share capital and reserves					
Share capital	15	43,743	43,743	43,743	43,743
Treasury shares	16	(152)	(152)	(152)	(152)
Accumulated losses		(10,604)	(11,591)	(13,021)	(15,847)
Foreign currency translation reserve		32	33	-	-
Merger reserve		(7,305)	(7,338)	-	-
Other reserves		(89)	(60)	18	18
Equity attributable to equity holders of the Company		25,625	24,635	30,588	27,762
Non-controlling interests		(100)	(3,347)	-	-
Total equity		25,525	21,288	30,588	27,762

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 2022	43,743	(152)	(7,338)	33	(60)	(11,591)	24,635	(3,347)	21,288
Profit for the period	-	-	-	-	-	987	987	3,245	4,232
Other comprehensive income									
Foreign currency translation gain	-	-	-	(1)	-	-	(1)	2	1
Other comprehensive income for the year, net of tax	-	-	-	(1)	-	-	(1)	2	1
Total comprehensive income for the year	-	-	-	(1)	-	987	986	3,247	4,233
Changes in ownership interest in subsidiaries									
Disposal of subsidiaries	-	-	33	-	(29)	-	4	-	4
	-	-	33	-	(29)	-	4	-	4
Total transactions with equity holders of the Company	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022	43,743	(152)	(7,305)	32	(89)	(10,604)	25,625	(100)	25,525

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 losses \$'000			
Balance at 1 July 2021	43,743	(3)	(7,338)	(21)	(89)	(1,637)	34,655	(2,266)	32,389
Loss for the period	-	-	-	-	-	(3,400)	(3,400)	(488)	(3,888)
Other comprehensive income									
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)
Contribution by and distributions to equity holders									
Share-based payment to non-controlling interest	-	-	-	-	29	-	29	31	60
	-	-	-	-	29	-	29	31	60
Total transactions with equity holders of the Company	-	-	-	-	-	-	-	-	-
Balance at 31 December 2021	43,743	(3)	(7,338)	33	(60)	(5,037)	31,338	(2,721)	28,617

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

The Company	Share Capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2022	43,743	(152)	18	(15,847)	27,762
Profit and total comprehensive profit for the period	-	-	-	2,826	2,826
Balance at 31 December 2022	43,743	(152)	18	(13,021)	30,588
Balance at 1 July 2021	43,743	(3)	18	7,171	50,929
Loss and total comprehensive loss for the period	-	-	-	(462)	(462)
Balance at 31 December 2021	43,743	(3)	18	6,709	50,467

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	31.12.22	31.12.21
	\$'000	\$'000
Cash flows from operating activities		
Profit/(Loss) before income tax	4,000	(3,807)
Adjustment for: -		
Depreciation of property, plant and equipment	1,857	2,207
Net gain on disposal of property, plant and equipment	(4)	(25)
Property, plant and equipment written off	-	2
Interest income	(26)	(90)
Interest expense	889	812
Amortisation of intangible assets	166	235
Allowance for impairment on receivables and contract assets (net)	318	291
Bad debts written off	1	285
Bargain purchase from acquisition of a business	-	(21)
Net loss on disposal of associates	-	25
Gain on disposal of subsidiaries	(5,921)	(216)
Gain on lease modification	-	(29)
Rental waiver	-	(5)
Equity-settled share-based payment	-	60
Other income	-	(4)
Share of results of associate	-	(19)
Operating cash flows before working capital changes	1,280	(299)
Contract assets	(56)	390
Contract liabilities	1,264	144
Inventories	(6)	324
Trade and other receivables	(17,013)	4,119
Trade and other payables	4,397	(5,683)
Cash used in operations	(10,134)	(1,005)
Interest received	26	90
Tax paid	(1)	(26)
Net cash used in operating activities	(10,109)	(941)

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

	Group	
	Six Months Ended	
	31.12.22	31.12.21
	\$'000	\$'000
Cash flows from investing activities		
Additions to intangible assets	(81)	(14)
Purchases of plant and equipment	(483)	(490)
Proceeds from disposal of property, plant and equipment	4	255
Proceeds from disposal of associate	-	390
Proceeds from disposal of subsidiaries, net of cash disposed of (Note A)	-	4,328
Net cash outflows on acquisition of subsidiary	-	(33)
Net cash (used in)/generated from investing activities	(560)	4,436
Cash flows from financing activities		
Fixed deposits (placement)/withdraw from banks	(2,480)	303
Due to/(from) related parties (non-trade)	87	(70)
Drawdown of bank borrowings	15,525	14,248
Repayment of bank borrowings	(13,552)	(15,441)
Interest paid	(882)	(828)
Repayment of lease liabilities	(683)	(982)
Net cash used in financing activities	(1,985)	(2,770)
Net (decrease)/increase in cash and cash equivalents	(12,654)	725
Cash and cash equivalents at beginning of financial period	16,111	13,156
Cash and cash equivalents at end of financial period	3,457	13,881

Notes to the Consolidated Statement of Cash Flows

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

	Group	
	Six Months Ended	
	31.12.22	31.12.21
	\$'000	\$'000
Cash in hand and at bank	3,244	13,792
Fixed deposits	4,321	2,059
	7,565	15,851
Less: Fixed deposits pledged	(4,108)	(1,847)
Less: Bank overdrafts	-	(123)
	3,457	13,881

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

Note A

<u>Net cash on disposal of subsidiaries</u>	<u>\$'000</u>
Property, plant and equipment	1,307
Intangible assets	117
Right-of-use assets	1,596
Inventories	90
Trade and other receivables	6,218
Cash and cash equivalents	214
Lease liabilities	(690)
Deferred tax liabilities	(212)
Contract liabilities	(1,819)
Trade and other payables	<u>(9,065)</u>
Net liabilities derecognised	(2,244)
Add: other reserve	<u>4</u>
Net liabilities disposed of	<u>(2,240)</u>
 Net liabilities disposed of (as above)	 (2,240)
Consideration of participating shares of VCC	(3,467)
Gain on disposal of subsidiaries	<u>5,921</u>
Cash proceeds on disposal	214
(Less): Cash and cash equivalents in subsidiaries disposed of	<u>(214)</u>
Net cash on disposal of subsidiaries	<u>-</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 2022 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 2022.

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 2022.

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, 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 2022 to 31 December 2022	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	16,364	17,354	6,358	13,344	53,420
Segment profit/(loss)	3,852	(2,400)	571	(582)	1,441
Depreciation and amortisation					(2,023)
Other non-cash income					5,602
Interest income					26
Finance costs					(1,046)
Share of results of associate					-
Profit before tax					4,000
Segment assets	13,292	16,334	7,729	48,481	85,836
Unallocated assets					4,323
Total assets					90,159
Segment liabilities	6,535	-	6,916	17,190	30,641
Unallocated liabilities					33,993
Total liabilities					64,634
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)
Loss before tax					(3,807)
Segment assets	12,102	16,267	5,369	21,553	55,291
Unallocated assets					47,236
Total assets					102,527
Segment liabilities	7,886	9,642	71	14,139	31,738
Unallocated liabilities					42,172
Total liabilities					73,910

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

3.2. Disaggregation of revenue

	The Group 6 months ended 31 December 2022				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
1 July 2022 to 31 December 2022					
Types of goods or service:					
Revenue from contracts	16,364	17,354	6,358	11,441	51,517
Revenue from other services	-	-	-	432	432
Revenue from leasing	-	-	-	1,419	1,419
Sale of goods	-	-	-	52	52
Total revenue	16,364	17,354	6,358	13,344	53,420
Timing of revenue recognition:					
At a point in time	-	-	-	52	52
Over time	16,364	17,354	6,358	13,292	53,368
Total revenue	16,364	17,354	6,358	13,344	53,420

	The Group 6 months ended 31 December 2021				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
1 July 2021 to 31 December 2021					
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
Total revenue	13,172	17,668	3,750	10,458	45,048
Timing of revenue recognition:					
At a point in time	-	-	-	60	60
Over time	13,172	17,668	3,750	10,398	44,988
Total revenue	13,172	17,668	3,750	10,458	45,048

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

4. Other Income

	The Group	
	6 months ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
Government grants	378	322
Gain on disposal of property, plant and equipment	4	41
Interest income	26	90
Administrative income	32	93
Foreign exchange gain	9	2
Sales of spare parts	72	69
Bargain purchase from acquisition of a business	-	22
Gain on disposal of subsidiaries	5,921	216
Gain on disposal of associate	-	8
Others	292	288
	6,734	1,151

5. Finance costs

	The Group	
	6 months ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
Interest expenses	889	812
Bank charges	132	35
Factoring charges	25	10
	1,046	857

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

6. Profit/(Loss) before tax

	The Group	
	6 months ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
Amortisation of intangible asset	166	235
Bad debts written off	1	285
Depreciation of property, plant and equipment	1,857	2,207
Net gain on disposal of property, plant and equipment	(4)	(25)
Allowance for impairment on receivables and contract assets, net	318	291
Property, plant and equipment written off	-	2
Share of results of associate	-	19
Gain on disposal of subsidiaries	(5,921)	(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:

	The Group	
	6 months ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
Statement of comprehensive income:		
Current income tax:		
- Current year	-	32
- Over provision of taxation in prior years	-	(1)
Deferred tax:		
- Current year	(232)	50
	(232)	81

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:

	The Group	
	6 months ended	
	31 December 2022	31 December 2021
Profit/(Loss) attributable to equity holders of the Company (\$'000)	987	(3,400)
Weighted average number of ordinary shares	348,352,231	348,352,231
Earnings per share (cents)		
- Basic and diluted	0.28	(0.98)

For the financial period ended 31 December 2022 and 31 December 2021, 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

	The Group		The Company	
	As at		As at	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Net assets value attributable to equity holders of the Company (\$'000)	25,625	24,635	30,588	27,762
Number of ordinary shares	348,352,231	348,352,231	348,352,231	348,352,231
Net assets value per ordinary share (cents)	7.36	7.07	8.78	7.97

10. Property, plant and equipment

During the 6 months ended 31 December 2022, the Group acquired assets amounting to \$943,000 and disposed of assets amounting to \$112,000 respectively.

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

11. Goodwill

	The Group	
	As at	
	31 December 2022	30 June 2022
Cost	S\$'000	S\$'000
At 1 July	10,341	15,575
Disposal of subsidiaries	(821)	(5,059)
Derecognition of a subsidiary	-	(175)
At 31 December/ 30 June	9,520	10,341
Accumulated impairment loss		
At 1 July	8,679	8,679
Disposal of subsidiaries	(821)	-
At 31 December/ 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 31 December 2022, the Group reviewed the key assumptions used in the value-in-use calculation as at 30 June 2022 impairment test and noted that the assumptions remained reasonable. No impairment loss was recognised as at 31 December 2022.

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

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

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

12. Investment in subsidiaries

Increase in Shareholding in a Subsidiary Company

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

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.

13. Other investments

	The Group	
	As at	
	31 December 2022	30 June 2022
	\$'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 participating shares will be determined by reference to quarterly reports issued by the VCC's professional fund manager with their best estimate of the value.

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

14. Borrowings

	The Group	
	As at	
	31 December 2022	30 June 2022
	\$'000	\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured	26,804	24,008
Unsecured	800	800
<u>Amount repayable after one year</u>		
Secured	19,065	21,700
	<u>46,669</u>	<u>46,508</u>

Notes

(a) Bank borrowings amounting to \$41.8 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 \$4.1 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 2022		30 June 2022	
	Number	Issued	Number	Issued
	of issued	share	of issued	share
	shares	capital	shares	capital
	'000	\$'000	'000	\$'000
At 1 July/31 December/30 June	348,366	43,743	348,366	43,743

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

15. Share capital (continued)

	Group and Company	
	31 December 2022	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

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 30 June 2022.

16. Treasury shares

	Group and Company			
	31 December 2022		31 December 2021	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	1,195	152	14	3
Share buyback			-	-
Treasury shares reissued pursuant to the acquisition of a subsidiary	-	-	-	-
At 31 December	1,195	152	14	3
Percentage (%) of treasury shares against total number of shares outstanding as at 31 December	0.3%		0.0%	

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

Warrants

	31 December 2022	31 December 2021
	Warrants	Warrants
As at 1 July	-	12,500,000
Warrants expired	-	-
As at 31 December	-	12,500,000
Percentage (%) of warrants against total number of shares outstanding as at 31 December	0.0%	3.6%

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 2022, the Company does not have any outstanding convertibles.

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	
	31 December 2022	31 December 2021
Group	\$'000	\$'000
With related parties		
<i>Expenses</i>		
Purchases	1,948	2,192
Company		
Receipts on behalf	(361)	(87)
Loan	3,950	-
Repayment of loan	(708)	(114)
<i>Income</i>		
Management fee	(893)	(765)
Interest income	(98)	(169)
<i>Expenses</i>		
Recharge of expense	3	1

17b. Compensation of key management personnel.

There were no significant changes to the key management personnel in 6MFY2023. There were no changes to the compensation scheme in 6MFY2023.

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 2022	30 June 2022
	\$'000	\$'000
Balance at beginning of financial year	-	7,980
Addition during the year	3,467	-
Reclassification to assets held for sale	-	(7,980)
Balance at end of financial year	3,467	-

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 2022.

Increase in Shareholding in a Subsidiary Company

On 31 January 2023, ISO-Team Corporation Pte Ltd, a wholly-owned subsidiary of the Company, issued 2,100,000 ordinary shares at 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 2022.

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.

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 2022 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 2022 and certain explanatory notes have not been audited or reviewed.
- Review of performance of the Group**

Revenue	Group				
	Six Months Ended				
	31.12.2022		31.12.2021		Change
	\$'000	%	\$'000	%	%
	R&R	16,364	30.6	13,172	29.2
A&A	17,354	32.5	17,668	39.3	(1.8)
C&P	6,358	11.9	3,750	8.3	69.5
Others ^(a)	13,344	25.0	10,458	23.2	27.6
	53,420	100.0	45,048	100.0	18.6

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

Condensed Interim Consolidated Statement of Comprehensive income

Revenue

6MFY2023 vs 6MFY2022

Group revenue increased by \$8.4 million or 18.7% from \$45.0 million in 6MFY2022 to \$53.4 million in 6MFY2023. The increase was mainly due to increase in revenue contributed by all business segments other than A&A segment which decreased slightly.

Gross profit and gross profit margin

6MFY2023 vs 6MFY2022

The Group's gross profit increased by \$1.3 million or 40.6% from \$3.2 million in 6MFY2022 to \$4.5 million in 6MFY2023 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

The Group's other income increased by \$5.5 million from \$1.2 million in 6MFY2022 to \$6.7 million in 6MFY2023. The increase was mainly due to gain on disposal of subsidiaries.

Marketing and distribution expenses

6MFY2023 vs 6MFY2022

The Group's marketing and distribution expenses decreased by \$0.1 million or 20.0% from \$0.5 million in 6MFY2022 to \$0.4 million in 6MFY2023. The decrease was mainly due to reduction in staff cost as a result of disposal of subsidiaries.

General and administrative expenses

6MFY2023 vs 6MFY2022

The Group's general and administrative expenses decreased by \$0.9 million or 14.3% from \$6.3 million in 6MFY2022 to \$5.4 million in 6MFY2023. The decrease was mainly attributable to the decrease in professional fees.

Finance costs

6MFY2023 vs 6MFY2022

The Group's finance costs increased by \$0.1 million or 11.1% from \$0.9 million in 6MFY2022 to \$1.0 million in 6MFY2023. This was mainly due to utilisation of trade facilities.

Other operating expenses

6MFY2023 vs 6MFY2022

The Group's other operating expenses decreased by \$0.1 million or 50.0% from \$0.2 million in 6MFY2022 to \$0.1 million in 6MFY2023. 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

As a result of the above, the Group recorded a profit before tax of \$4.0 million in 6MFY2023 compared to a loss before tax of \$3.8 million in 6MFY2022.

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

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

Tax credit/(expenses)

6MFY2023 vs 6MFY2022

The Group's tax credit increased by \$0.3 million from tax expense of \$0.1 million in 6MFY2022 to tax credit of \$0.2 million in 6MFY2023. This was mainly due to increase in deferred tax income.

Condensed Interim Statements of Financial Position

Non-current assets

The Group's non-current assets decreased by \$0.8 million or 2.8% from \$28.2 million as at 30 June 2022 to \$27.4 million as at 31 December 2022, mainly due to decreased in plant and equipment, intangible assets and deferred tax assets in relation to disposal of subsidiaries offset by the increased in Other Investment in 6MFY2023.

Current assets

The decreased in current assets of \$1.8 million or 2.8% from \$64.6 million as at 30 June 2022 to \$62.8 million as at 31 December 2022 was mainly due to decreased in cash and bank balances as a result of settlement of trade and other payables and the increase in trade and other receivables.

Non-current liabilities

The decreased in non-current liabilities of \$3.2 million or 14.3% from \$22.3 million as at 30 June 2022 to \$19.1 million as at 31 December 2022 was mainly due to repayment of loans and borrowings and lease liabilities and the decreased in deferred tax liabilities.

Current liabilities

The decreased in current liabilities of \$3.6 million or 7.9% from \$49.2 million as at 30 June 2022 to \$45.6 million as at 31 December 2022 was mainly due to payment of trade and other payables and contract liabilities offset by the drawdown of loans and borrowings to finance business operations.

Condensed Interim Consolidated Statement of Cash Flows

Net cash used in operating activities

6MFY2023

Net cash used in operating activities amounted to \$10.1 million in 6MFY2023 was mainly due to increase in trade and other receivables of \$17.0 million which were offset by the settlement of contract liabilities and trade and other payables. Bulk of the trade and other receivables has been collected as at date of announcement.

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

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

Net cash (used in)/ generated from investing activities

6MFY2023

Net cash used in investing activities amounted to \$0.6 million in 6MFY2023 was mainly due to purchases of plant and equipment such as motor vehicles and machineries.

Net cash used in financing activities

6MFY2023

Net cash used in financing activities of \$2.0 million in 6MFY2023 was mainly due to fixed deposits placement to banks, 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 2023, Singapore's construction sector grew by 10.4% year-on-year in the fourth quarter of 2022, as both public and private sector construction output continued to recover.

The Group expects operating conditions in the construction sector to remain challenging with pressure to complete existing projects amid manpower shortage and deployment challenges. The Group will continue to monitor closely the situation to ensure delivery of projects and to prioritise cash conservation and cost control.

As we move into calendar year 2023, amidst such a challenging environment, the Group's order book as at announcement date stands at approximately \$160.0 million, which should support the Group's activities through FY2025.

5. Dividend

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

No dividend recommended to be declared.

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

N/A.

(c) Date payable

N/A.

(d) Books closure date

N/A.

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

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

7. Interested person transactions

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

8. 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 6MFY2023 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 706A

The Company had on 12 December 2022 completed the transfer of the Company's entire interests in SGBike Pte Ltd, ISOTeam Access Pte Ltd and ISOTeam Green Solutions Pte Ltd for participating shares in the sub-funds of the Multi-Asset Growth Strategy VCC. Please refer to the Company's announcements dated 5 December 2022 and 12 December 2022 for more information on the above.

As disclosed under Note 12, "Investment in subsidiaries", ISO-Intergrated M&E Pte. Ltd., a wholly-owned subsidiary of the Company, had on 20 October 2022 and 16 November 2022 issued 2,460,000 ordinary shares and 500,000 ordinary shares respectively at S\$1 each to the Company by way of capitalisation of existing shareholder's loan(s) and capital injection respectively.

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

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.

BY ORDER OF THE BOARD

David Ng Cheng Lian

Executive Chairman

13 February 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.

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.