

# EXPANDING OUR HORIZONS

ISOTEAM LTD. ANNUAL REPORT 2015



## OUR VISION

To be Singapore's Number 1 and preferred partner in Total Maintenance Solutions.

## OUR MISSION

To achieve 100% customer satisfaction through the delivery of quality, cost-efficient, reliable services and to do no harm to the environment.

## OUR VALUES

- 1. People Development:**  
Our people are our key assets. To maintain a highly competent workforce, we offer fulfilling career prospects and develop roadmaps to help our employees achieve their individual potential.
- 2. Performance and Accountability:**  
We perform our work with integrity and enthusiasm. We set Key Performance Indicators for ourselves to ensure that we uphold the high standards that our customers expect.
- 3. Customer Focus:**  
Our customers come first. We make an effort to understand their needs so that we can offer the best solutions to achieve the desired outcome.
- 4. Relationship and Bonding:**  
We value our stakeholders and business partners. We are committed to building mutually beneficial relationships with our stakeholders and business partners that are based on a foundation of trust and respect.
- 5. Teamwork:**  
We believe team effort achieves the best results. We actively seek out opportunities to collaborate with partners to achieve shared goals in areas such as business expansion and product innovation.

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

## CORPORATE PROFILE

Founded in 1998 and listed on the Catalist Board of the SGX-ST (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. is one of the most trusted names in the building maintenance and estate upgrading industry in Singapore.

Since its inception, ISOTeam has successfully completed more than 300 Repairs & Redecoration (**R&R**) and Addition & Alteration (**A&A**) projects for over 3,000 buildings, making us a leading player in this field. Our reputation for quality, speed and safety, together with winning edge in eco-conscious innovations, has won the trust and confidence of our customers, allowing us to repeatedly secure tenders over the years.

In addition to R&R and A&A, we also offer a comprehensive suite of building and maintenance services such as Interior design and fit-out (**ID**), landscaping, specialist coating and painting (**C&P**), leasing of height access equipment, on-line handyman services, and eco-friendly products and solutions.

ISOTeam has a diverse clientele that include, amongst others, town councils, government bodies and private sector building owners. In Singapore, ISOTeam is the exclusive paint applicator for Nippon Paint and SKK for the public housing sector and for SKK for JTC and HDB industrial projects and army camps.

For more information, please visit [www.isoteam.com.sg](http://www.isoteam.com.sg)



# OUR BUSINESS



## GREEN INITIATIVES APPLIED ACROSS ALL SEGMENTS

Green procurement policy | Green construction methodology | Green partnerships

# CORPORATE STRUCTURE




# CREATING VIBRANT LIVING SPACES

## REFRESHING OUR HOMES

Upholding the aesthetic appeal of the environments around our homes creates vibrant and energetic living spaces for families and communities. Returning to many estates across Singapore approximately every five years, ISOteam is trusted to repaint and repair building façades of HDB blocks and private residential buildings on time and with minimum fuss.

R&R project at Market Street.





SINCE 1998, OVER

**3,000**

BUILDINGS SPANNING  
OUR 300 R&R AND A&A  
PROJECTS DELIVERED

IN FY2015,

**\$54.5M**

WORTH OF R&R PROJECTS  
COMPLETED, COMPRISING  
OVER 445 BLOCKS ACROSS  
23 PROJECTS

# UPGRADING FOR THE FUTURE

## REVITALISING OUR HEARTLANDS

Singapore's neighbourhoods are upgraded on a regular basis, keeping the city looking fresh and in line with its status as a vibrant young nation. Through ISOTeam's active participation and involvement in the Neighbourhood Renewal Programme, Hawker Centre Upgrading Programme and Home Improvement Programme, we have been helping Singaporeans live in better environments since the introduction of these government initiatives.





SINCE 1998, OVER

**\$155M**

WORTH OF NRP, HUP  
& EUP PROJECTS  
DELIVERED

IN FY2015, OVER

**\$20.4M**

WORTH OF A&A  
PROJECTS COMPLETED

# RENEWING RECREATIONAL SPACES

## ENRICHING OUR COMMUNITY

ISOTeam is in the business of keeping Singapore's "kampong" spirit alive through providing recreational spaces in which residents can mingle with one another. While life is much more fast-paced today, ISOTeam is glad to play a part in encouraging communities to come together for some social interaction via thoughtfully designed common areas.



Interior Decoration project at Aloha Loyang.



SINCE 2013, OVER

41

INTERIOR DESIGN  
PROJECTS SECURED

OVER

9-FOLD

LEAP IN REVENUE FOR  
OUR OTHERS BUSINESS  
SEGMENT IN FY2015

# TRANSFORMING LANDSCAPES

## CONSERVING THE ENVIRONMENT

The tranquil Punggol Floating Wetland Park is the first of its kind in Singapore and ISOTeam is proud to have collaborated with HDB's Building Research Institute to develop this innovative and high-value concept. It was our first notable project after acquiring our new landscaping expertise and we hope to be able to complete more such novel projects to help enhance the Garden City's green image.



Landscaping project at Punggol Floating Wetland Park.



OVER

7

ICONIC AND  
INDUSTRY-PIONEERING  
LANDSCAPING PROJECTS  
COMPLETED

IN FY2015, OVER

769

MODULES WERE USED IN  
THE CONSTRUCTION OF 10  
ISLANDS FOR THE PUNGGOL  
FLOATING WETLAND PARK  
PROJECT

# CERTIFICATIONS AND ACCOLADES

## ACCREDITATIONS



- ISO 14001:2004<sup>(1)</sup>
- bizSAFE Level Star
- bizSAFE Level 3
- OHSAS 18001:2007<sup>(1)</sup>
- ISO 9001:2008<sup>(2)</sup>
- OHSAS 18001:2007<sup>(2)</sup>

## ACCOLADES



- 2011 Successful Entrepreneur (awarded to founders)
- BCA Green Mark Certification (Head Office)
- Singapore Green Building Council (Member)
- BCA Green and Gracious Builder Award (Excellent)

## BCA LICENSES



- General Building (CW01) Grade B1 (\$42 million)
- Repairs and Redecoration (CR09) Grade L5 (\$14 million)
- Interior decoration and finishing works (CR06) Grade L2 (\$1.3 million)
- Waterproofing installation (CR13) Grade L3 (\$5 million)
- General Builder Class 1

(1) For general building construction and provision of suspended scaffolding works

(2) For general building construction

# OPERATIONAL & FINANCIAL ACHIEVEMENTS

(FINANCIAL YEAR ENDED 30 JUNE)



R&R **outperformed; 9-fold** revenue increase in OTHERS segment

Record dividend of **1.15¢**;  
Payout of 20.3%

**HUP: 15+**  
hawker and food centres  
worth over  
**\$35 million**

**NRP: 18+**  
estates exceeding  
**\$120 million**

Public sector projects:  
**300+**

**Linkways: 15+**  
projects for linkways

Private residences  
R&R Jobs:  
**Around 650**

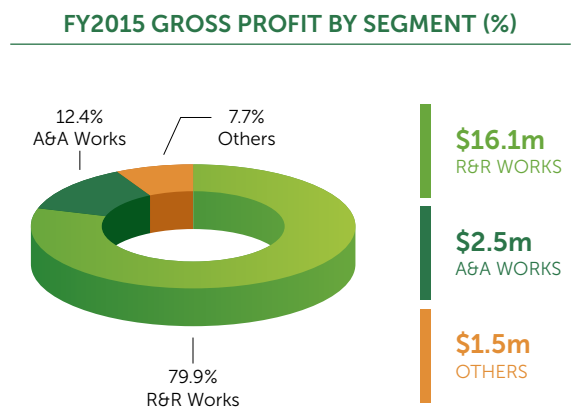
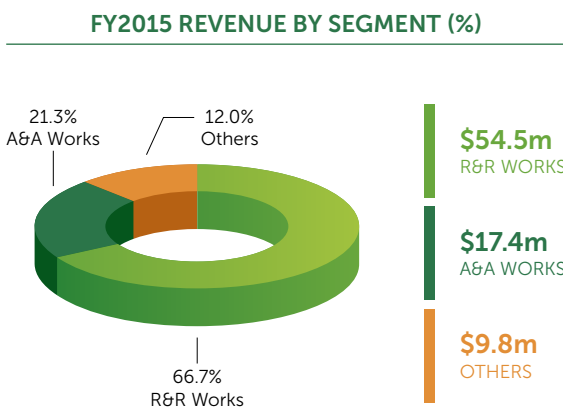
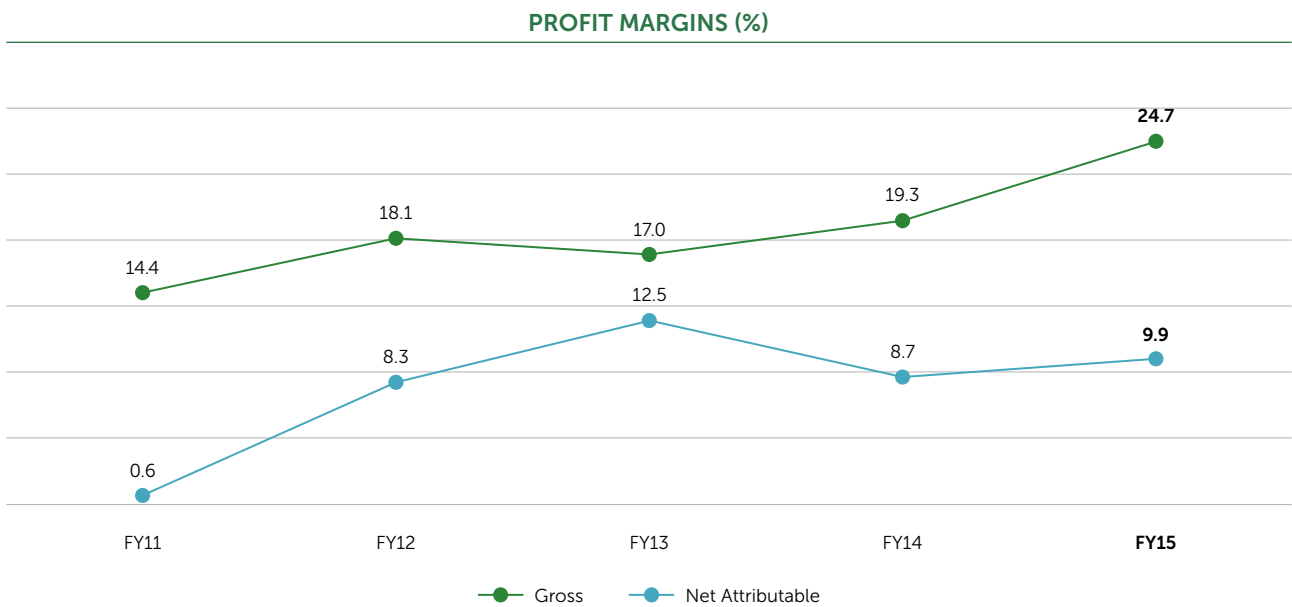
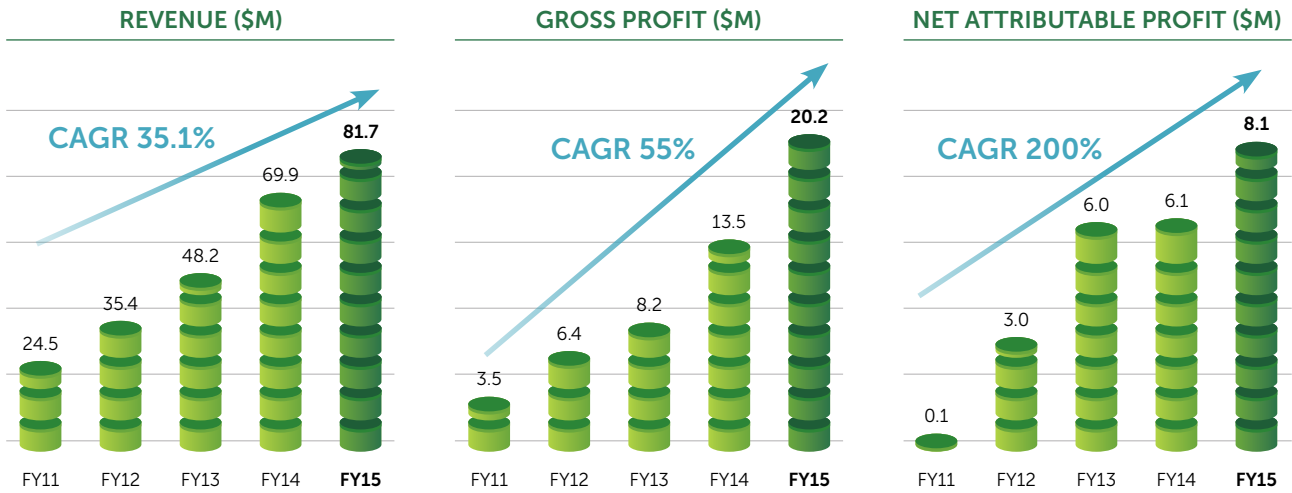
Interior fit-out: **41+** design jobs exceeding  
**\$4.7 million** since set up

**[ Delivered over 300 R&R and A&A projects for more than 3,000 buildings since 1998 ]**



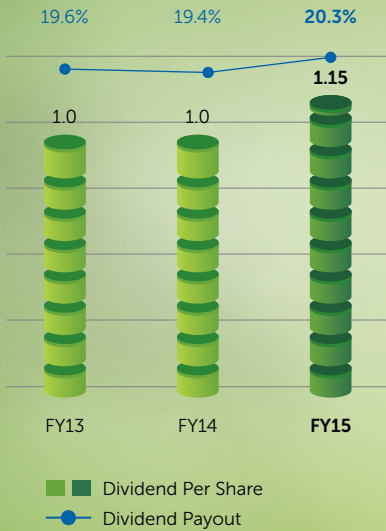
# FINANCIAL HIGHLIGHTS

(FINANCIAL YEAR ENDED 30 JUNE)





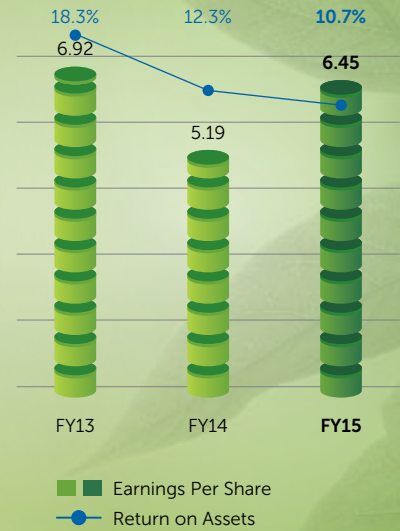
### DIVIDEND PER SHARE (¢) & DIVIDEND PAYOUT (%)



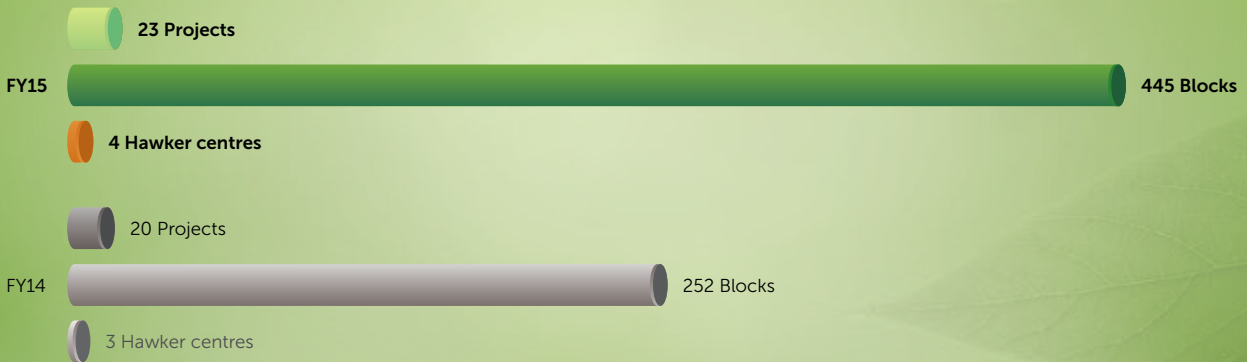
### SHAREHOLDERS' EQUITY (\$M) & RETURN ON EQUITY (%)



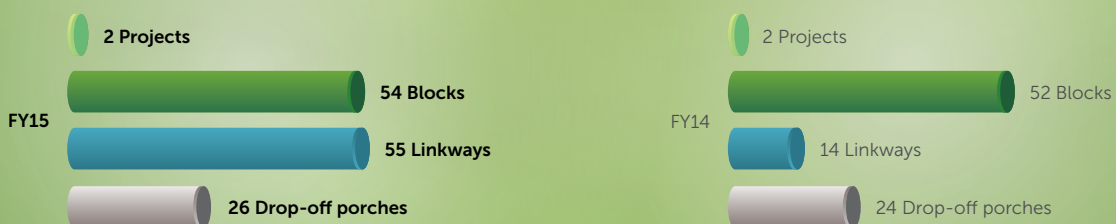
### EARNINGS PER SHARE & RETURN ON ASSETS (%)



### R&R WORKS (NUMBER COMPLETED)




### A&A WORKS (NUMBER COMPLETED)



## JOINT CHAIRMAN AND CEO MESSAGE





“ To share the fruits of a good year with our shareholders, the Board is delighted to propose a final dividend of **1.15 Singapore cents per ordinary share** for FY2015. ”

#### DEAR SHAREHOLDERS

The financial year that just ended was an outstanding year for ISOTeam on so many counts. Not only did we achieve a noteworthy 34.1% growth in attributable net profit for the year ended 30 June 2015 (“**FY2015**”), but there were also several exciting corporate developments that we believe will go a long way towards securing a sustainable future for the Group.

To share the fruits of a good year with our shareholders, the Board is delighted to propose a final dividend of 1.15 Singapore cents per ordinary share for FY2015. This represents a dividend payout ratio of 20.3% of net attributable profit.

#### VOTE OF CONFIDENCE

In December 2014, our long-time business partner, Nippon Paint, doubled their stake in ISOTeam to 5.93% through a share placement and in May 2015, we announced our second share placement exercise, which involved nine million new shares to several parties including institutional investor, Asdew Acquisition.

Nippon Paint has been one of the Group’s main suppliers and our business partner since 2004. Our relationship has always been a fully committed and mutually rewarding one and we are delighted, and at the same time extremely humbled, that they have deepened their relationship with us with their investment.

Not only were the two exercises votes of confidence from notable investors but they also served to strengthen our financial position and put us in good stead to execute our growth plans.

#### FUTURE PLANS

With a strong war chest and our newly expanded capabilities, we have much to look forward to in the future and we have laid down plans to capture every business opportunity available.

ISOTeam will continue to ride the wave of Government-led initiatives by staying focused on our core R&R and NRP businesses. We target to improve our market share in both these sectors, where we currently enjoy 24% and 30% of the R&R and A&A (NRP) markets in the public sector respectively in terms of number of projects secured. Following the initial announcement of the General Elections this year, the government released a slew of new upgrading masterplans and amenities for several estates across Singapore, and we expect to compete for these tenders coming online. We also aim to be more actively involved in the Hawker

## JOINT CHAIRMAN AND CEO MESSAGE (CONT'D)

Centre Upgrading Programme (“HUP”), for which we completed four projects in FY2015 as well as the Housing Development Board’s (“HDB”) Home Improvement Programme (“HIP”), where we were recently invited to submit tenders in several projects. If we manage to break into the HIP market, it will be a very substantial coup for ISOTeam as such projects usually carry high-value contracts in the range of \$30 million – \$50 million.

In FY2015, we moved closer to fulfilling our vision of becoming “Singapore’s No. 1 and Preferred Partner for Total Maintenance Solutions” with the acquisition of four complementary businesses. These four companies, which are themselves established businesses with strong track records, have since been integrated horizontally and vertically into ISOTeam and grouped under our “Others” segment. Post acquisitions, we have enlarged our scope to include new sectors and services with our expanded capabilities.

We plan to expand our home renovation and commercial interior design business via **Zara@ISOTeam**. We will double our home renovation team from two to four sales managers and aggressively tender for more commercial interior design projects such as shopping mall upgrading and hotel and office A&A works. We were recently awarded a second commercial interior design contract by the Public Service Division for Aloha Loyang. We feel extremely proud of this because we were not the lowest tenderer. It showed how

pleased the customer was with the first project we did for them and their confidence in our ability to deliver a high quality finished product on time.

Following the success of the Punggol Wetland Park, our landscaping business, **ISO-Landscape**, plans to continue working with HDB’s Building Research Institute to develop innovative high value landscaping technology. Our aim is to become the top contractor for vertical green walls and green roofs in Singapore.


We are also in the process of renewing our fleet of work access equipment managed by **ISOTeam Access**. To cut down on maintenance costs and improve the efficiency of the machinery, we have been progressively selling off old equipment such as boom and scissor lifts, and purchasing newer units with larger capacities that can reach greater heights. Newer and better equipment will also enable us to command higher rental rates and attract more customers.

We are also very excited about our coating and flooring business carried out by **ISOTeam C&P**. This is because the commercial painting for new builds and repainting services provided by ISOTeam C&P is closest to the original business that we started with when we first established ISOTeam. While we had been focused mostly on public sector projects in the past, this unit will open the doors to new commercial sectors and the new-build sector for us. We will be working closely

with our partners Nippon Paint and SKK to clinch more commercial painting and repainting projects. In addition, we plan to set up a Special Coating Division within ISOTeam C&P to offer higher margin specialised coating services such as high performance floor coating, fire proofing coating and waterproofing coating.

The latest addition to our family is **ISOHomeCare**, a handyman portal soft-launched on 18 August 2015. It has enabled us to bring our expertise in maintenance and repair work to the general public through an online platform. Moving forward, we will be actively marketing our portal in order to increase our customer membership base. Our aim is to register 6,000 members within 12 months and to achieve this, we are offering interest-free instalments with two banks, warranties on all services rendered and a loyalty programme, which enables customers to earn ISO-Points that can be accumulated to offset the cost of future transactions. We believe there is great potential for this business because people are either too busy to do their own home improvement works or they do not have the know-how or proper equipment to do so. By taking our expertise online and directly to consumers, we believe it will create significant value for all our stakeholders.

Moving on to our green initiatives, we will continue to entrench ourselves as an environmentally responsible company by working closely with suppliers and manufacturers to broaden our range



“ While nothing is carved in stone, we have set our sights on **emerging markets** including Myanmar, Indonesia and Sri Lanka. ”

of green products. Our composite timber decking has been selling particularly well because it is made of environmentally friendly materials and has proven durability. This product is particularly popular with the polytechnics and almost all of them are using it now. We are also working with Spring Singapore under its PACT programme to develop our own green products including anti-skid coating, one-coat painting system and fire proofing solutions.

#### **OVERSEAS EXPANSION**

When the company was founded, we never thought the day would come where we could expand our business overseas, but the Group has grown from strength to strength with the support of our business partners and customers. Today, we have earned a strong reputation and track record for delivering quality work on time. We believe that the time is now ripe for us to look beyond the local market and evaluate the prospects

of bringing our expertise regionally to tap on the infrastructure boom around us.

Just as we had started with offering repainting services in Singapore, we intend to start with our core expertise abroad. To do this, we intend to tap on our long-time partners Nippon Paint and SKK Paint, who already have established presence in the region. While nothing is carved in stone, we have set our sights on emerging markets including Myanmar, Indonesia and Sri Lanka.

#### **APPRECIATION**

ISOTeam is where it is today because of our business partners and customers. To them, we offer our heartfelt appreciation for their support and trust and for being a part of our growth story.

We also want to thank our shareholders for believing in the future of this company by investing in us. We have done our utmost to

deliver on our IPO promises and we will continue to aim for greater heights in order to unlock more value for you.

Last but not least, we want to thank the staff and management of ISOTeam who have worked tirelessly to enable the Group to fulfil its long term goals and plans.

With an order book already amounting to a record \$84.7 million as at 30 June 2015, we are excited about the new financial year ahead, and we look forward to keeping you informed of more corporate developments and achievements as they unfold.

**DAVID NG CHENG LIAN**  
**CHAIRMAN**

**ANTHONY KOH THONG HUAT**  
**CHIEF EXECUTIVE OFFICER**

# BOARD OF DIRECTORS



**DAVID NG CHENG LIAN**

...

*Executive Chairman  
and Founder*



**ANTHONY KOH THONG HUAT**

...

*CEO, Executive Director  
and Founder*



**DANNY FOO JOON LYE**

...

*Director (Operations), Head of  
Compliance and Founder*

With over 30 years of experience in the building maintenance and estate upgrading industry, Mr Ng heads the Board, aids the CEO in the corporate and strategic development of the Group and also supports and advises senior management. One of his areas of expertise lies in occupational safety and health. Before he co-founded the Group in 1998, he was a director of ISO-Build Corporation Pte Ltd and a manager at D&C Builders Pte Ltd where he was in charge of work place safety and equipment management. Prior to that, Mr Ng managed the suspended scaffold rental business as a project executive of Safewell Equipment Pte Ltd. He was also a suspended scaffold technician with Selat Chemicals Pte Ltd where he was responsible for the repair and maintenance of site equipment. Mr Ng was awarded a Certificate in Construction Supervision by the Construction Industry Development Board of Singapore in 1994.

One of the co-founders of the Group, Mr Koh has more than 25 years of experience in the building maintenance and estate upgrading industry. An instrumental figure, he sets and implements the expansion plans and overall corporate and strategic development of the Group, as well as oversees key functions such as marketing and tendering strategies, budget and cost controls, and resource planning and allocation. Before he co-founded the Group in 1998, Mr Koh was a director of ISO-Build Corporation Pte Ltd where he managed its projects and contracts and controlled budget and costs. He worked at D&C Builders Pte Ltd from 1989 to 1994 where he moved up the ranks from a site supervisor, to project coordinator and subsequently to project manager. Prior to that, he was the site supervisor for Hongplast General Contractor Pte Ltd for a year. Mr Koh obtained a Diploma in Building from the Singapore Polytechnic in 1988 and a Diploma in Marketing Management from Ngee Ann Polytechnic in 1994.

Mr Foo, who is a co-founder of the Group, is responsible for matters concerning compliance with workplace and on-site safety rules and regulations for projects undertaken by the Group. With over 20 years of experience in the building maintenance and estate upgrading industry, Mr Foo manages manpower planning and procurement of machinery and equipment for the Group. He also administers quality assurance functions and ensures compliance with ISO 9001:2008, ISO 14001:2004 and OHSAS18001:2007 standards. In addition, he heads our green products subsidiary, ITG-Green Technologies. Prior to founding the Group, Mr Foo was a director of ISO-Build Corporation Pte Ltd managing project site work. From 1990 to 1994, he managed site work and coordinated suppliers and sub-contractors for D&C Builders Pte Ltd where he started out as a site supervisor, was promoted to project coordinator and subsequently to project manager. Mr Foo holds a Diploma in Building awarded by Singapore Polytechnic in 1988.



TAN ENG ANN

...

*Independent Director*



SOH CHUN BIN

...

*Independent Director*



NG KHENG CHOO

...

*Independent Director*

Appointed to ISOTeam's Board on 7 June 2013, Mr Tan was formerly the executive director and the chief financial officer of SGX-ST Mainboard listed R H Energy Ltd. (now known as Chiwayland International Limited) which he joined in 2006. He has over 18 years of experience in the financial field, having held managerial positions with Yamaichi Merchant Bank, AIB Govett (Asia) Ltd and Standard Chartered Bank from 1994 to 2002. In 2002, Mr Tan joined Technics Oil & Gas Limited as the group financial controller and was subsequently promoted to finance director in 2004 responsible for finance and corporate development. From 2005 to 2006, he was the chief financial officer of Beijing Concept Holdings Pte Ltd where he headed the finance department. Mr Tan is a qualified Chartered Financial Analyst of the Association for Investment Management and Research and a fellow member of the Institute of Singapore Chartered Accountants. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. Mr Tan is currently also a director at SGX-ST Catalyst listed Hiap Tong Corporation Ltd and GCCP Resources Limited.

Appointed to ISOTeam's Board on 7 June 2013, Mr Soh joined Changjiang Fertilizer Holdings Limited as the Chief Executive Officer on 1 October 2014. Prior to that he was the Chief Executive Officer of Cedar Strategic Holdings Ltd which he joined in July 2012. Mr Soh had been a qualified lawyer specialising in capital markets and mergers and acquisitions for more than 12 years. Prior to his current appointment, he was an equity partner in the equity capital markets department of Stamford Law Corporation. He had been one of the early pioneering lawyers at Stamford Law Corporation at its inception in the early 2000s. He has advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, including secondary equity and debt fund raising by such entities. He has also advised on many cross-border transactions and has a broad network spanning countries such as China and Indonesia. Mr Soh has been recognised as a leading lawyer by legal publications such as Chambers and Partners and AsiaLaw. He was a former scholar with a global multinational corporation, and has a Bachelor of Laws (Honours) from the National University of Singapore. Mr Soh currently holds directorships at two SGX-ST Mainboard listed companies, Geo Energy Resources Limited and Triyards Holdings Limited.

Ms Ng, with more than 17 years of experience in investment, finance and accounting fields, was appointed to the Board on 7 June 2013. Ms Ng is the group chief operating officer of SingHaiyi Group Ltd overseeing the overall business operations and strategic development. Prior to her current appointment, she was the chief financial officer of SingHaiyi Group Ltd which she joined in July 2013. She founded VIT Consultancy Private Limited that provides advisory services on mergers and acquisitions and accounting matters. Previously, she was general manager of investment (Singapore) for Sichuan Chuan Wei Group Co., Ltd ("**Chuan Wei**"), a company with related businesses in real estate development, mining of mineral resources, cement, manufacturing of vanadium and steel products and logistics. She was also in charge of investor relations for Hong Kong listed China Vanadium Titano-Magnetite Mining Company Limited, a related corporation of Chuan Wei from 2012 to March 2013. Prior to this, Ms Ng was the chief financial officer of SGX-ST Mainboard listed Sapphire Corporation Limited since 2007 and a financial controller with Unigold International Pte Ltd from 2004 to 2006. She started her career with Deloitte & Touche and held the position of audit manager when she left in 2003. Ms Ng holds a Bachelor of Accountancy from Nanyang Technology University and is a member of the Institute of Singapore Chartered Accountants.

# EXECUTIVE OFFICERS



From Left:  
Chan Chung Khang,  
Or Thiam Huat,  
Lim Kim Hock,  
Tan Wei

## **OR THIAM HUAT** *Projects Director*

Mr Or has been the Group's Projects Director since 1999 and is responsible for the planning and execution of projects undertaken by the Group. He also oversees project cost control and training of site personnel. Mr Or has more than 20 years of experience in the building maintenance and estate upgrading industry and had spearheaded some of the Group's biggest projects such as the NRP project at Yishun Avenues 6 and 11 and Yishun Ring Road in Nee Soon East Division. Prior to joining the Group, he was the project coordinator of ISO-Build Corporation Pte Ltd from 1995 to 1997; a site coordinator at D&C Builders Pte Ltd between 1993 and 1995 responsible for managing projects, suppliers and sub-contractors; and a site supervisor with Ng Hai Liong Construction Pte Ltd from 1992 to 1993 supervising workers and coordinating sub-contractors. Mr Or holds a Diploma in Civil Engineering awarded by Singapore Polytechnic in 1990.

## **LIM KIM HOCK** *Contracts Director*

Mr Lim has been the Group's Contracts Director since 2005 and is responsible for contract administration, project tenders and procurement. He also oversees the Group's staff training and development. Prior to joining the

Group in 2001, he was the quantity surveyor cum project manager of EAC Corporation Pte Ltd from 1994 to 2001, where he was in charge of projects tendering, costs budgeting and supervising projects. Between 1989 and 1994, he was the contracts executive of EM Services Pte Ltd where he was responsible for project management of town council projects. From 1983 to 1989, he was with HDB as a technical officer where he was handling quantity survey and supervision of projects. Mr Lim obtained a Technician Diploma in Building from Singapore Polytechnic in 1981.

## **CHAN CHUNG KHANG** *General Manager*

Mr Chan, who joined the Group in 2002 as a project supervisor, has been the Group's General Manager since 2012 and is in charge of its human resource matters. He is also tasked with the management and coordination of the Group's operations including business expansion and diversification, planning and policies updates; the management and supervision of its corporate business development plans, corporate and project insurance; the administration of key performance indicators for the Company and its departments whilst monitoring and managing the Company's overheads. He is also responsible for the application and management of the Group's government grants. He graduated

from Singapore Polytechnic in 1999 with a Diploma in Building and Property Management and from Royal Melbourne Institute of Technology in 2008 with a Bachelor of Business (Economics and Finance) with Distinction.

## **TAN WEI** *Chief Financial Officer (CFO)*

Mr Tan joined ISOteam as Group Financial Controller in January 2012 and has been the Group CFO since January 2013. With more than 14 years' experience in auditing, accounting and financial consulting, Mr Tan is overall in charge of the Group's financial matters. Prior to ISOteam, he provided financial consulting and advisory services to local and overseas corporations as the director of Pinnacle Ridge Ltd (2011-2012) and provided financial consulting services as the project manager of Vineyard Investments Pte Ltd (2008-2010). Before that, he was an auditor at Baker Tilly TFW handling audits for companies seeking IPOs in Singapore (2007-2008), and an accounts executive with Kingsmen Creatives Ltd (2005-2007). Between 1998 and 2005, he worked with various accounting firms in Malaysia and Singapore. Mr Tan holds a Bachelor of Commerce (major in accounting and finance) from La Trobe University of Australia. He is a Certified Practising Accountant with CPA Australia and a member of the Institute of Singapore Chartered Accountants.



# BUSINESS DIVISION HEADS



From Left:  
Anders Teoh,  
Tan Boon Hock,  
Chua Hoi Tek,  
Dennis Chin Wai Tuck,  
Sam Chen, Lim Qin Kai

## CHUA HOI TEK Managing Director (ISO-Landscape)

Mr Chua heads the Group's high value landscaping subsidiary, **ISO-Landscape**, a company formerly known as Rong Shun Landscape and Construction Pte. Ltd., which he founded almost 10 years ago. He first entered the landscaping and horticulture services industry in 2007 in order to harness the Government's drive to boost Singapore's garden city image. Prior to setting up his company, Mr Chua spent 22 years at a multi-national corporation, 17 years of which were in senior managerial roles. Mr Chua graduated with a Bachelor of Engineering (Mechanical and Production Engineering) from Nanyang Technological Institute (now known as the Nanyang Technological University) in 1986.

## ANDERS TEOH Managing Director (ISO Team C&P)

Mr Teoh joined the Group's specialised coating and painting subsidiary, **ISO Team C&P**, in 2002 and currently heads this unit. With close to 20 years of experience in the R&R industry, he has spearheaded numerous projects at ISO Team C&P over the course of his career. These included for R&R work for HDB blocks for the various Town Councils; for public buildings such as churches, schools, community centres and libraries; for MCST of commercial buildings, condominiums, industrial properties; as well as hotels and private residential properties. Mr Teoh holds a Bachelor of Building (Honours) from the University of South Australia and a Diploma in Building Management (with Merit) from the Ngee Ann Polytechnic.

## SAM CHEN Operations Director (ISO Team Access)

Mr Chen joined the Group's access provision subsidiary, **ISO Team Access**, in 2007 and worked his way up the ranks to his current position. Backed by 25 years of experience in the building maintenance and estate upgrading industry, he manages the Group's height access equipment and machinery provision business for numerous R&R projects in various market segments. They include projects for HDB housing blocks and private landed residential homes to institutional, industrial and commercial buildings. In addition, Mr Chen is also a certified Safety Supervisor and a Work-At-Height Assessor and taps on this expertise to ensure a safe working environment within the Group.

## DENNIS CHIN WAI TUCK Project Director (Zara@ISO Team)

Mr Chin joined the Group as the Projects Director of its interior design and fit-out unit, **Zara@ISO Team** in 2013. Backed by approximately 20 years of experience in interior design, he provides design consultancy and is also responsible for end-to-end project management of interior design and fit-out jobs undertaken by Zara@ISO Team. He has been an instrumental figure for many major multi-sector projects including the landmark Aloha at Loyang renovation contract. Mr Chin has a professional training certificate in Interior Design from Palin School of Arts & Design and holds a National Trade Certificate (Grade 2) from the Ang Mo Kio ITE which was conferred in 1993.

## LIM QIN KAI Project Director (ISO-Seal Waterproofing)

Mr Lim joined the Group's reroofing and waterproofing arm, **ISO-Seal**, in 2010 as a project supervisor. Rising through the ranks, he currently spearheads ISO-Seal since 2014, and is responsible for the end-to-end management of projects undertaken by ISO-Seal. Mr Lim has participated in various industry-related leadership and managerial courses as well as attained professional certifications for Waterproofing Supervision; ISO 9000 Internal Quality Audit for Quality, Occupational Health and Safety (2010); and Internal Auditor Training ISO 14001:2004 (2012).

## TAN BOON HOCK Director (ITG-Green Technology)

Mr Tan joined ISO Team's Green products arm, **ITG-Green Technologies** in December 2014, bringing with him more than 25 years of sales and marketing experience in building architectural finishes for new and existing structures. He oversees business development and expansion for the Group's range of Green products, and its ongoing collaboration with partners to develop and commercialise more eco-friendly and sustainable products. In addition, Mr Tan serves as the Green Ambassador for ISO Team's Green Movement and Innovation Mission to promote ecological awareness among its staff and customers and to enhance the Group's eco-friendly initiatives. He holds a Diploma in Sales and Marketing from 1988 (IMUK).

# OPERATING AND FINANCIAL REVIEW

(ANY DISCREPANCIES IN FIGURES ARE DUE TO ROUNDING.)

## KEY HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 ("FY2015"):

- Acquired four new businesses for \$11.0 million in October 2014, thus penetrating new niche markets comprising landscaping; specialist coatings; private sector new-build painting and access provision equipment and services.
- A landmark year with revenue and attributable net profit at a record high of \$81.7 million and \$8.1 million respectively.
- Significantly improved earnings from operations despite incurring higher expenses from its active acquisition spree and operations expansion.
- Another bumper year from the R&R segment with 12.7% hike in revenue to \$54.5 million.
- A quantum leap in Others segment with sales up nine-folds to \$9.8 million on the back of additional revenue streams from its four new businesses.
- A&A segment saw a 1.9 percentage point improvement in gross profit margin despite a 14.6% dip in sales.
- Consistently strong order book build-up during the year with the latest order book of \$84.7 million at a record high.
- A record final cash dividend of 1.15 cents/share proposed for FY2015; which represents a payout of 20.3% of net profit attributable to equity holders.

## OPERATING REVIEW

### R&R WORKS

FY2015 was a very robust year for ISOTeam's R&R business as we directed our efforts strongly on this segment given the healthy margins it yields. The Group repainted and redecorated a total of 445 blocks of flats for 23 R&R projects in FY2015, compared to 252 blocks of flats across 20 R&R projects in FY2014. (Table 1)

Going forward, our pipeline of R&R projects remain healthy. As at 30 June 2015, ISOTeam has 16 R&R projects covering approximately 265 blocks which are expected to be completed between September 2015 and November 2016. (Table 2)

### A&A WORKS

Given the government's active rejuvenation of estates across Singapore, ISOTeam's A&A business remained stable. In FY2015, the Group delivered two NRP projects comprising 54 blocks, compared to 52 blocks for two projects in FY2014, and also included works to 55 linkways and 26 drop-off porches. At the same time, we significantly strengthened our market position in the Hawker-centre Upgrading Programme (HUP) by upgrading four Hawker Centres in FY2015 compared to three in FY2014. (Table 3)

As at 30 June 2015, the Group has seven A&A projects which we are working on. These are mainly NRP projects with completion dates expected between October 2015 and February 2017. (Table 4)



HUP at Sembawang Hills Food Centre



Interior fitting out project at Aloha at Loyang



R&R project at Regent Singapore

### OTHERS

The Others segment, comprising our business in commercial interior design (**ID**), home retrofitting, waterproofing (**WP**) and green products and solutions; together with our newer services pertaining to coating and painting (**C&P**), landscaping (**LS**), and leasing of height access equipment, saw a quantum leap performance in FY2015 with sales jumping nine-folds.

Under this segment, we completed a major interior design / fit-out project at Aloha Loyang for the Public Service Division and a renovation job for the Methodist Girls School, among other residential jobs. ISOTeam also undertook a number of C&P and landscaping projects for Shimizu Corporation and the Housing Development Board of

Singapore (**HDB**) respectively, which are currently ongoing. (Table 5 and 6)

The Group is currently working on 13 key projects. They include a second contract for ID works at Aloha Loyang that we clinched after completing the first project, underscoring the high value and quality of the work we consistently deliver and the faith our customers have in us, and a few milestone landscaping projects for Changi Airport Terminal 2 and Punggol Waterway. In addition, our project pipeline also includes a healthy number of C&P jobs, a profitable niche market segment that we plan to actively grow. (Table 6)

### ORDER BOOK

Order book build-up in FY2015 was very robust. ISOTeam secured \$22.2

million in new contracts in 1H2015 and an additional \$55.94 million in 2H2015, lifting our outstanding order book to an all-time high of \$84.7 million as at 30 June 2015. These book orders are expected to be progressively delivered over the next two years.

Notably, the Group managed to secure some of its projects even though it was not the lowest tenderer in the bid, which speaks of the reliability and premium the ISOTeam brand holds in the industry.

In addition, \$14.4 million worth of new contracts, where the Group is in the lowest tenderer position, is pending award confirmation. They comprise one A&A and four R&R projects for approximately 304 blocks of flats for various town councils.

# OPERATING AND FINANCIAL REVIEW (CONT'D)

TABLE 1

R&R - PROJECTS COMPLETED IN FY2015			
No.	Project Location	No. of Blocks	Client
1	Bukit Batok West Avenue 2, 4, and 7	15	SKK (S) Pte Ltd
2	Hougang / Serangoon North / Paya Lebar Estate	80	SKK (S) Pte Ltd
3	Amoy Street / Dunman / Sembawang Hill Food Centres	N.A.	National Environment Agency
4	Pasir Ris Street 11	17	Pasir Ris-Punggol Town Council
5	Anchorvale Lane	12	SKK (S) Pte Ltd
6	Toa Payoh Lorong 1, 3, 4 and 5	10	SKK (S) Pte Ltd
7	Hougang Street 51, 52, and Avenue 8	33	Pasir Ris-Punggol Town Council
8	Ang Mo Kio Central Avenue 6, 8 and 9	27	Ang Mo Kio Town Council
9	Bukit Batok East Division	14	Jurong Town Council
10	Bedok North Avenue 3 and Street 2	10	East Coast Town Council
11	Choa Chu Kang Avenue 2	11	Chua Chu Kang Town Council
12	Pasir Ris Drive 1, 3 and 10	26	Pasir Ris-Punggol Town Council
13	Pasir Ris Drive 10 and Street 72	26	Pasir Ris-Punggol Town Council
14	Pasir Ris Street 71	17	Pasir Ris-Punggol Town Council
15	Geylang Bahru, Sims Place / Drive and Kallang Bahru	24	Moulmein-Kallang Town Council
16	Toa Payoh Lorong 1, 2, 4 and 5	15	Bishan-Toa Payoh Town Council
17	Toa Payoh Lorong 1, 2, and Toa Payoh North	15	Bishan-Toa Payoh Town Council
18	Jalan Tenteram / Whampoa Drive	16	Moulmein-Kallang Town Council
19	Woodlands Street 13	23	Sembawang-Nee Soon Town Council
20	Bedok North	15	East Coast Town Council
21	Strathmore and Bukit Merah View	18	Tanjong-Pagar Town Council
22	Simei Street 1,2 and 4	20	East Coast Town Council
23	Blossoms@ Woodleigh Condominium	1	SKK (S) Pte Ltd
<b>Total</b>		<b>445</b>	

TABLE 2

R&R - KEY ON-GOING PROJECTS			
No.	Project Location	No. of Blocks	Client
1	Bishan Street 22	19	SKK (S) Pte Ltd
2	Commonwealth Avenue West and Clementi Avenue 3	16	West Coast Town Council
3	Toa Payoh Lorong 5 and 6, and East	16	Bishan-Toa Payoh Town Council
4	Marsiling Drive and Marsiling Lane	13	SKK (S) Pte. Ltd.
5	Compassvale Crescent / Street (reroofing works)	15	Pasir Ris-Punggol Town Council
6	Woodlands Street 81, 82 and 83	23	Sembawang Town Council
7	Punggol Field / Edgefield Plains	19	Pasir Ris-Punggol Town Council
8	Redhill Close, Redhill Road, Redhill Lane, Henderson Road and Bukit Merah Central	17	Tanjong Pagar Town Council
9	Tampines Street 41 and 43; and Avenue 7 and 9	22	Tampines Town Council
10	Jurong West Street 24 and 25	24	SKK (S) Pte. Ltd.
11	New Market Road (Blk 32) and Upper Cross Street (Blk 34)	2	Tanjong Pagar Town Council
12	Punggol Field Walk / Edgedale Plains (3rd lowest tenderer)	18	Pasir Ris-Punggol Town Council
13	Punggol Central / Punggol Place (2nd lowest tenderer)	22	SKK (S) Pte. Ltd.
14	Tampines Street 43 and Street 44	13	Tampines Town Council
15	Compassvale Walk	26	Pasir Ris-Punggol Town Council
16	Improvement works to multi-storey car parks	N.A.	Housing Development Board
<b>Total</b>		<b>265</b>	

TABLE 3

A&A - KEY PROJECTS COMPLETED IN FY2015				
No.	Project Location	No. of Blocks	Type	Client
1	Yishun Avenue 6 and 11	35	NRP	Nee Soon Town Council
2	Serangoon Avenue 2 and 3	19	NRP	Marine Parade Town Council
<b>Total</b>		<b>54</b>		

TABLE 4

A&A - KEY ON-GOING PROJECTS				
No.	Project Location	No. of Blocks	Type	Client
1	Kim Keat Ave and Kim Keat Link	19	NRP	Bishan-Toa Payoh Town Council
2	Serangoon Ave 3 and Serangoon Central Drive	13	NRP ELU	Marine Parade Town Council
3	Hougang Avenue 8 and 10	24	NRP	Pasir Ris-Punggol Town Council
4	Tampines Street 21 and Tampines Central 1	27	NRP ELU	Tampines Town Council
5	Hougang Street 51, 52 and Avenue 8	33	NRP ELU	Pasir Ris-Punggol Town Council
6	Bukit Batok West Avenue 4 and 7	15	NRP	Chua Chu Kang Town Council
7	Jurong West Street 91	24	NRP	Chua Chu Kang Town Council
<b>Total</b>		<b>155</b>		

TABLE 5

OTHERS - KEY PROJECTS COMPLETED IN FY2015			
No.	Project Location	Type	Client
1	Aloha Loyang	ID - Repairs and refurbishment	Public Service Division
2	Methodist Girls' School at 11 Blackmore Drive	ID - Renovation	Methodist Girls School

TABLE 6

OTHERS - KEY ON-GOING PROJECTS				
No.	Project Location	No. of Blocks	Type	Client
1	Mapletree Business City 2	N.A.	C&P	Shimizu Corporation
2	7-storey multi-user and light industrial factory at Woodlands Avenue 9	N.A.	C&P	Heng Tai Construction Pte Ltd
3	Changi Airport Terminal 1	N.A.	C&P	Takenaka Corporation
4	National Art Gallery	N.A.	C&P	Takenaka-Singapore Piling JV
5	Punggol West	N.A.	C&P	China Jingye Engrg Corporation Ltd
6	Sin Ming motor workshop	N.A.	C&P	Welltech Construction Pte Ltd
7	Victoria Theatre	N.A.	C&P	Sato Kogyo (S) Pl
8	Aloha Loyang Phase 2	N.A.	ID	Public Service Division
9	Changi unit / Changi 2	N.A.	LS	NParks
10	Punggol Waterway (Floating wetlands)	N.A.	LS	HDB
11	Punggol Waterway (Freshwater)	N.A.	LS	HDB
12	Jalan Bukit Merah, Jalan Rumah Tinggi, Lengkok Bahru, Hoy Fatt Road, Stirling Road and Queensway	30	WP	Tanjong Pagar Town Council
13	Victoria Theatre	N.A.	WP	Sato Kogyo (S) Pl
<b>Total</b>		<b>30</b>		

# OPERATING AND FINANCIAL REVIEW (CONT'D)

## STATEMENT OF COMPREHENSIVE INCOME

	FY2015 (\$'000)	FY2014 (\$'000)	Change (\$'000)	Change (%)
<b>Revenue</b>				
- R&R	54,467	48,328	6,139	12.7
- A&A	17,403	20,382	(2,979)	(14.6)
- Others	9,782	1,142	8,640	756.6
<b>Total revenue</b>	<b>81,652</b>	<b>69,852</b>	<b>11,800</b>	<b>16.9</b>
Cost of sales	(61,499)	(56,353)	5,146	9.1
<b>Gross Profit</b>				
- R&R	16,109	10,707	5,402	50.5
- A&A	2,496	2,525	(29)	(1.1)
- Other	1,548	267	1,281	479.8
<b>Total gross profit</b>	<b>20,153</b>	<b>13,499</b>	<b>6,654</b>	<b>49.3</b>
<b>Gross Profit Margin</b>				
- R&R	29.6%	22.2%	NA	7.4 points
- A&A	14.3%	12.4%	NA	1.9 points
- Other	15.8%	23.4%	NA	(7.6) points
<b>Overall gross profit margin</b>	<b>24.7%</b>	<b>19.3%</b>	<b>NA</b>	<b>5.4 points</b>
Other Income	947	583	364	62.4
<b>Expenses</b>				
- Marketing and distribution	(1,092)	(706)	386	54.7
- General and administrative	(9,466)	(6,312)	3,154	50.0
- Finance costs	(252)	(354)	(102)	(28.8)
<b>Other operating expenses</b>	<b>(771)</b>	<b>-</b>	<b>771</b>	<b>NM</b>
<b>Profit before tax</b>	<b>9,519</b>	<b>6,710</b>	<b>2,809</b>	<b>41.9</b>
<b>Tax expense</b>	<b>(1,413)</b>	<b>(640)</b>	<b>773</b>	<b>120.8</b>
<b>Profit and total comprehensive income for the year</b>	<b>8,106</b>	<b>6,070</b>	<b>2,036</b>	<b>33.5</b>
<b>Profit and comprehensive income attributable to:</b>				
- Owners of the Company	8,124	6,056	2,068	34.1
- Non-controlling interest	(18)	14	(32)	(228.6)
	<b>8,106</b>	<b>6,070</b>	<b>2,036</b>	<b>33.5</b>
Net attributable profit	9.9%	8.7%	N.A.	1.2 points

## REVIEW OF FINANCIAL PERFORMANCE

### REVENUE

FY2015 was another year of record performance for ISOTeam with double-digit improvement in both top- and bottom-line. The Group posted a 16.9% year-on-year ("yoy") rise in revenue to \$81.7 million in FY2015, from \$69.9 million in the preceding year ended 30 June 2014 ("FY2014"), driven by our bustling R&R business and a nine-fold revenue increase in our newly expanded Others segment.

With a total of 445 blocks across 23 projects successfully repainted and redecorated in FY2015, our R&R revenue grew 12.7% yoy to an all-time high of \$54.5 million, compared to \$48.3 million in FY2014. Key revenue contributions included projects awarded by the Pasir Ris-Punggol Town Council, SKK (S) Pte Ltd, Bishan-Toa Payoh Town Council and Moulmein-Kallang Town Council.

In comparison, A&A revenue in FY2015 slipped 14.6% yoy to \$17.4 million, from \$20.4 million, on the back of two NRP projects comprising 54 blocks for Choa Chu Kang Town Council and Tampines Town Council. Having completed over 18 NRP projects worth more than \$120 million to-date, the Group is undisputedly one of the top players in this area.

The biggest growth in FY2015 for us came from the Others business with segment revenue spiking nine-folds or 756.6% to \$9.8 million in FY2015, from \$1.1 million in FY2014. This was due to significant increase in revenue from ZARA@ISOTeam, after it completed the ID works for Aloha Loyang in addition other residential projects. The unit, which was set up in August 2013, has been growing well and we have bagged over 41 ID jobs, double the number we had in FY2014, worth more than \$4.7 million. Our four new businesses have also given us

an extra boost and key projects that contributed included a coatings and paintings project from Shimizu Corporation and a landscaping project from the HDB.

R&R, A&A and Others accounted for 66.7%, 21.3% and 12.0% of revenue in FY2015 compared to 69.2%, 29.2% and 1.6% of revenue for FY2014 respectively.

### PROFITABILITY

Our gross profit rose 49.3% to \$20.2 million in FY2015 compared to \$13.5 million in FY2014 while overall gross profit margin saw a buoyant 5.4 percentage point uptick to 24.7%. Despite pressures such as higher labour costs, the Group managed to improve our margin - thanks to the efficiency and effectiveness of our highly experienced in-house project management teams and scale economies.

R&R gross profit rose 50.5% to \$16.1 million and segment margin improved 7.4 points to 29.6% in FY2015, compared to \$10.7 million and 22.2% respectively in FY2014. For A&A, segment margin improved by 1.9 points to 14.3% in FY2015, compared to 12.4% in FY2014. Others recorded a 479.8% rise in gross profit to \$1.5 million and a margin of 15.8% in FY2015, compared to \$0.3 million and 23.4% in FY2014.

The Group posted a net attributable profit of \$8.1 million in FY2015, an increase of 34.1% over \$6.1 million in FY2014, and an improved net margin of 9.9% versus 8.7% a year ago. We achieved this double-digit baseline growth despite higher expenses associated with our active business acquisitions, which were extraordinary in nature, as well as expansion of our operations last year. Taking these one-off items into account, the growth in the Group's operating profit for FY2015 would be even higher.

### OTHER INCOME

The Group's other income increased by 62.4% to \$1.0 million in FY2015, from \$0.6 million in FY2014. This was mainly due to higher government grants and gain on disposal of property, plant and equipment after offsetting lower rental and other income, the latter which comprised mainly administrative fee for FY2015.

### EXPENSES

Marketing and distribution expenses increased 54.7% to \$1.1 million in FY2015, from \$0.7 million a year ago. The rise was mainly from an increase in depreciation of motor vehicles, which was in line with the additional fixed assets we purchased such as motor vehicles, gondolas and other machineries and those arising from the acquisitions of our new subsidiaries.

General and administrative expenses increased by 50.0% to \$9.5 million in FY2015 from \$6.3 million in FY2014. This was largely from an increase in staff costs of \$2.5 million arising from the expansion of our business and acquisition of new subsidiaries; an increase in directors' performance bonus of \$0.5 million; and an increase in professional fees of \$0.3 million arising from the legal costs and acquisition of our new subsidiaries.

In contrast, finance costs of the Group decreased by 28.8% to \$0.3 million in FY2015 from \$0.4 million in FY2014, mainly attributable to lower interest incurred on lower utilisation of trade facilities.

### OTHER OPERATING EXPENSES

Other operating expenses, which the Group did not incur in FY2014, increased by \$0.8 million in FY2015. This was mainly attributable to the amortisation of intangible assets of \$0.2 million and goodwill written off of \$0.6 million arising from the acquisitions of new subsidiaries.

# OPERATING AND FINANCIAL REVIEW (CONT'D)

## STATEMENT OF FINANCIAL POSITION

	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
<b>Non-current assets</b>		
- Property, plant and equipment	9,721	5,111
- Intangible asset	2,124	-
- Goodwill	2,483	-
- Investment securities	400	400
<b>Current assets</b>		
- Due from customers for contract work-in-progress	2,534	3,122
- Inventories	158	135
- Trade and other receivables	26,064	23,032
- Cash and bank balances	32,273	17,560
<b>Total assets</b>	<b>75,757</b>	<b>49,360</b>
<b>Non-current liabilities</b>		
- Bank borrowings	569	-
- Finance lease liabilities	859	401
- Deferred tax liabilities	681	89
<b>Current liabilities</b>		
- Due to customers for contract work-in-progress	5,382	6,505
- Bank borrowings	2,360	4,168
- Trade and other payables	17,459	11,154
- Finance lease liabilities	519	262
- Tax payables	1,545	994
<b>Total liabilities</b>	<b>29,374</b>	<b>23,573</b>
<b>Net assets</b>	<b>46,383</b>	<b>25,787</b>
Share capital	29,618	15,867
Accumulated profits	24,143	17,195
Merger reserve	(7,338)	(7,338)
Other reserve	(107)	-
Non-controlling interest	67	63
<b>Total equity</b>	<b>46,383</b>	<b>25,787</b>



## REVIEW OF FINANCIAL POSITION

### ASSETS

Our non-current assets increased by 167.3% to \$14.7 million as at 30 June 2015 from \$5.5 million as at 30 June 2014. This was mainly due to the acquisition of new assets of \$2.8 million, which was offset by the depreciation of fixed assets of \$2.5 million and the disposal of assets of \$1.0 million during FY2015; assets from our newly acquired subsidiaries of \$5.4 million; and intangible assets and goodwill arising from the acquisitions of new subsidiaries of \$4.6 million.

Our current assets increased by \$17.2 million or 39.3% to \$61.0 million as at 30 June 2015 from

\$43.8 million as at 30 June 2014. The underlying reasons were an increase in cash and bank balances of \$14.7 million, partly due to cash generated from operating activities; an increase in trade and other receivables of \$3.0 million, which was in line with the increase in revenue; and offset by an decrease in amount due from customers for contract work-in-progress of \$0.5 million.

### LIABILITIES

Our non-current liabilities increased by \$1.6 million to \$2.1 million as at 30 June 2015 from \$0.5 million as at 30 June 2014, attributable to the drawdown of

bank borrowing, finance lease facilities and increased in deferred tax liabilities.

Our current liabilities increased by \$4.2 million or 18.2% to \$27.3 million as at 30 June 2015 from \$23.1 million as at 30 June 2014. This was attributed mainly due to an increase in trade and other payables of \$6.3 million; a drawdown of finance lease facilities of \$0.3 million; and increase in tax payable of \$0.5 million, which were in turn offset by the repayment of bank borrowings of \$1.8 million and the decrease in amount due to customers for contract work-in-progress of \$1.1 million.

## REVIEW OF STATEMENT OF CASH FLOWS

	As at 30 June 2015 \$'000	As at 30 June 2014 \$'000
Net cash generated from operating activities	17,063	6,747
Net cash used in investing activities	(4,533)	(1,036)
Net cash generated from financing activities	2,486	3,041
Cash and cash equivalents at end of financial year	30,675	15,659

### NET CASH GENERATED FROM OPERATING ACTIVITIES

We generated a net cash of \$12.9 million from operating activities before changes in working capital while net working capital inflows amounted to \$5.4 million. This was mainly due to an increase in trade and other receivables of \$2.7 million; trade and other payables of \$3.5 million which was offset with decrease in project work-in-progress of \$0.8 million. After payment of income tax of \$1.1 million and interest of \$0.2 million after offsetting with interest received of \$0.1 million, the net cash generated from operating activities amounted to approximately \$17.1 million.

### NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to \$4.5 million, which was mainly attributable to the purchase of plant and equipment of \$2.5 million offset with proceeds from the disposal of plant and equipment of \$1.2 million and net cash outflows on acquisition of subsidiaries of \$3.2 million.

### NET CASH GENERATED FROM FINANCING ACTIVITIES

Net cash from financing activities of \$2.5 million was mainly due to net proceeds from issuance of ordinary shares of \$6.4 million; fixed deposit pledged to the bank of \$0.3 million;

drawdown of bank borrowing of \$0.3 million. These were in turn offset by dividend payment of \$1.2 million; acquisition of non-controlling interest of \$0.2 million; repayment of bank borrowings of \$2.6 million; and finance lease of \$0.5 million.



NRP at Tampines Street 21

# COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

## SUSTAINABILITY POLICIES AND OBJECTIVES

Our goal is to build long-term and sustainable value for all our stakeholders. We understand that our success is a function of the business, social and environmental landscape around us, and as an accountable corporate citizen, we must act responsibly. To ensure that our initiatives are effective and relevant, we earnestly undertake a regular review of our operations and our CSR policies affecting all our shareholders, customers, employees, suppliers, the community and the environment.

## COMMITMENT TO SHAREHOLDERS

We take our responsibility to uphold sound corporate governance and transparency practices seriously. Our primary goal is to unlock value for shareholders and keep them updated with the Group's performance and strategic decisions. To achieve this, we have committed to deliver transparent, timely and accurate information to the investment community and the media to build a greater understanding of the Group in the market place.

Shareholders, potential investors and the investing community have access to information about us via the following channels:

- iii. Our IR email: [ir@iso-team.com](mailto:ir@iso-team.com);
- iv. Subscribe to an e-mail alert service via our IR website, that informs them whenever an announcement is posted on the website; and
- v. Analyst and media briefings every half year in relation to our financial results. ISOTeam's stock is currently covered by UOB Kay Hian and RHB Securities, with "Buy" calls.

FYE 30 June 2015	
Financial Calendar	Analyst, Investor and Media Events
<ul style="list-style-type: none"> <li>• <b>12 February 2015</b> Announcement of HY2015 financial results</li> <li>• <b>28 August 2015</b> Announcement of FY2015 financial results</li> <li>• <b>9 October 2015</b> Notice of Annual General Meeting</li> <li>• <b>27 October 2015</b> Third Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• <b>13 – 15 January 2015</b> RHB OSK-DMG ASEAN Corporate Day</li> <li>• <b>13 February 2015</b> HY2015 financial results briefing</li> <li>• <b>8 April 2015</b> Corporate presentation to broking house (RHB Securities)</li> <li>• <b>15 May 2015</b> Corporate presentation to broking house (Phillip Securities)</li> <li>• <b>28 August 2015</b> FY2015 financial results briefing</li> <li>• <b>Throughout the financial year</b> Investor outreach (one-on-one sessions)</li> </ul>



FY2015 results briefing for analysts and institutional investors.

## COMMITMENT TO CUSTOMERS

At the heart of everything we do, is our commitment to deliver high levels of customer satisfaction and conduct transparent and fair business dealings. Our close to 20 years of track record working with many industry leading and repeat clients provides a strong endorsement of the Group's ability to provide reliable, honest and quality services that adhere to strong safety standards.

For our projects, our employees conduct regular quality checks at pre-determined phases of completion on each project and maintain a comprehensive record of this process at a site office. This is verified by clients who also inspect our projects at various phases of completion to ensure our work is carried out to satisfaction and specifications. This enables us to detect and rectify faults early and stick closely to the project delivery timelines.

Our value propositions comprise our promise to customers for every project we work on:

- i. To provide value for money products and services through competitive pricing and competent execution of work;
- ii. To deal with our customers in a fair and transparent manner;
- iii. To achieve high quality work through stringent process control and continuous improvements by investing in training and upgrading of our workforce;
- iv. To meet project deadlines through sound project management by promoting open communication and teamwork; and
- v. To exceed customers' expectations and to treat all individuals with respect, courtesy and honesty.

## COMMITMENT TO EMPLOYEES

Our business relies on each and every one of our workers to deliver an industry-leading quality work that sets ISOTeam apart from its competition.

Our strong commitment to our employees' career development equips our employees with the necessary skills and knowledge to achieve this. Every employee is given adequate training, opportunities for skills upgrading and a framework for career advancements or flexible working arrangements. In addition, we offer employees a fulfilling and engaging work environment with channels for feedback and platforms where they can offer ideas for work improvements.

### YES! Campaign

As part of our strategy to tap on the experience of our employees on the ground, we embarked on our YES! Campaign. Under this campaign, our employees are encouraged to share ideas that they believe will increase productivity and efficiency, reduce redundancies or minimise wastage and costs.

### Peer and Management Appraisals

We have an e-appraisal programme, where employees participate in a strictly confidential evaluation of their peers and managers. The objective of this programme is to allow managers to be more aware of their strengths and weaknesses as well as for the management team to identify areas for improvement and adaptation.

### Fair and Conducive Working Environment

We understand that some of our employees require greater work-life balance at certain points in their lives. We also recognise that having spent much resources and money to train them well, they are highly valuable resources to us. In a win-win effort to support them, the Group has adopted flexible work

arrangements for its employees.

Employees are able to approach the Human Resource team to put in a request to review their case.

Further, we have re-designed certain job scopes and put in place policies to provide sufficient re-employment support to attract older workers and back-to-work locals. We believe older and back-to-work employees will have a lot to offer in terms of experience and project management. We believe our efforts to keep our talent and attract older and back-to-work employees will offer everyone in the Group meaningful employment.

### Occupational Safety and Health

ISOTeam has adopted a culture where occupational safety and health standards are given utmost importance. The Group operates in a highly regulated industry that often sees us working at live project sites where employees come into contact with the public in the course of completing their jobs. To this end, all our employees are adequately trained to handle on-site equipment, kept abreast of best practices to maintain site and public safety. In addition, our project sites are suitably insured and as part of staff benefits, we offer adequate insurance coverage and health screenings to those who are with the Group for at least one year.

Over the years, we have put measures in place to go beyond the Building and Construction Authority's ("BCA") stringent Quality, Environment, Health and Safety ("QEHS") requirements at all our projects and meet the standards of occupational safety and health standards set forth by recognised certification bodies and the Group has been awarded, OHSAS 18001:2007, bizSAFE Level 3 and bizSAFE Level Star.

# COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

In addition, we choose to work with sub-contracting partners who also share this similar commitment to occupational safety and health.

## Staff Training

ISO Team takes great pride in upgrading the abilities and competencies of its people to maintain a consistently high standard of work. Internally, we conduct training programmes for Riggerman and operators of various on-site machinery and equipment to integrate new employees and as a refresher for existing employees.

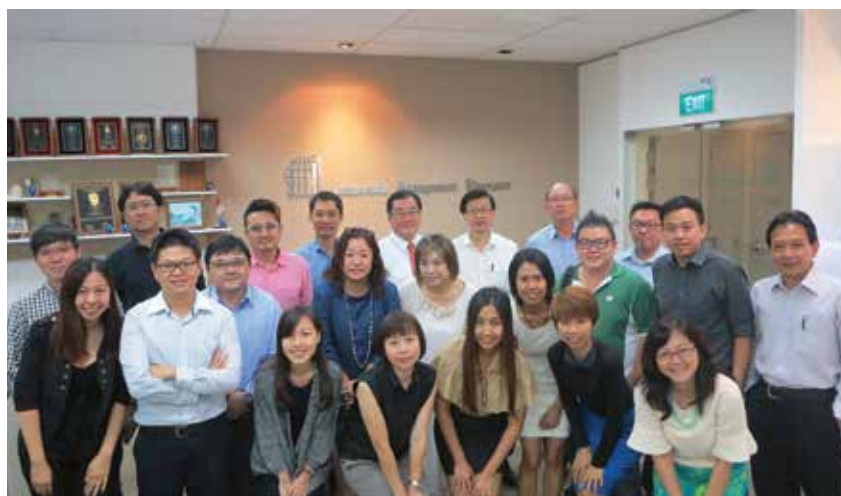
We also enrol employees in external training courses for construction and workplace safety, construction project management, quality assurance, accounting systems and software training, GST seminars and other job-related programmes and seminars to ensure our employees are updated with the most current specialised skills and requirements.

Additionally, the Group encourages senior management and managers to attend relevant and useful training programmes in relation to their work. To-date, our senior management and managers have attended a series of leadership courses namely the "Effective Leadership Development", the "Effective Strategic Leadership" and the "Effective Personal Productivity" courses to enhance their planning, managerial and leadership skills and knowledge base.

With these sound policies and procedures in place, we believe we have positioned ourselves as a choice employer in the industry.

## Key Performance Indicators

We monitor and keep proper accounts of incidents of fines and penalties as part of our key performance indicators. This also



Our staff at the "Effective Leadership Development" programme.

serves as a way for us to trace the cause of problems and enable us to set preventive measures in future.

## Team Building

We brought our employees to Batam for our annual "ISO Team Bonding" trip. Our employees engaged in team building activities to forge closer relationships and interacted with one another in a relaxed setting to recharge for another busy year ahead.

## Employee Welfare

We understand the importance of work-life balance. As a gesture of appreciation and to promote team bonding, we celebrate special occasions such as Labour Day, Deepavali and our annual D&D with our workers, where we organise activities and share meals outside of a work setting. We also recognise exceptional and long-serving employees by giving awards.

This year, we also did something different for our employees by introducing a Fruits Day to encourage a healthy diet for all. We organised a healthy lifestyle seminar and distributed various fruits for all our employees on the last Friday of every month.

## COMMITMENT TO THE COMMUNITY

We are committed to create a positive impact on our community by lending our expertise and influence to give back. We also encourage and support our employees to engage in socially responsible activities and community service.

In FY2015, we made cash contributions of over \$45,000 to various organisations for activities organised in support of community development and the needy and underprivileged. Some of the donations include:

- \$10,000 to Tampines Town Council for National Day celebrations
- \$10,000 to POSB Passion Run for Kids 2015
- \$10,000 to the Singapore Children's Society
- \$5,000 to the PAP Community Foundation
- \$5,000 to Nee Soon East Community Centre
- \$2,500 to the SGX Bull Charge



ISOTeam contributed to the POSB Passion Run for Kids 2015 to support children in our community.

### COMMITMENT TO THE ENVIRONMENT

The green in ISOTeam’s logo represents our strong commitment to protect the environment and reduce our carbon footprint by preventing pollution, minimising waste and efficiently utilising resources in the course of our work. Highlighting the green in our working culture, everyone within the Group makes it a point to source for ways to reuse, reduce and recycle all office and work-site resources, and we raise awareness and share new ideas by circulating memos within the Group.

As a leader in Singapore’s building maintenance and estate upgrading industry, we have the responsibility to ensure current and future generations live in environments that have been built, maintained and upgraded responsibly. We have three main pillars under our *Green Leadership* programme, namely, our Green Construction Methodology, Green Procurement Policy and Green Partnerships.

This has led to the Group adopting many eco-friendly methodologies and products in our works which have driven the use of greener products, systems and practices in the industry. By calculating the life-cycle cost of our green solutions, we have also effectively shown that they can not only be a responsible solution but a cheaper one as well.

Significantly, we invested close to \$150,000 in our “E-Ops” system to go paperless in ISOTeam. In the course of our operations, large quantities of paper and substantial

man hour resources are put into submitting forms and raising requests between the work site and the office and detailing checks and milestone completion at the work sites. With our investment in the required software and hardware, we aim to cut time spent on these administrative works by half and go completely paperless to save space and money, as well as the trees.

In addition, in our efforts to reinforce the garden city image of Singapore, we also donated \$2,000 to the Garden City Fund, established by the National Parks Board, to plant 20 trees. Our management team and employees were all drafted in to plant our trees around local neighbourhoods.

As part of our environmental responsibility efforts, our HQ building has been awarded with the Green Mark Certification and the ISO 14001:2004<sup>1</sup>. We are a Corporate Member of the Singapore Green Building Council and also became one of the first companies in the refurbishment sector to clinch the *Green and Gracious Builder Award (Excellent)* by the BCA.



ISOTeam contributed to the Garden City Fund, planting 20 trees and donating \$2,000.

1 For general building construction and provision of suspended scaffolding works.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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**DAVID NG CHENG LIAN**  
(Executive Chairman)

**ANTHONY KOH THONG HUAT**  
(Executive Director and Chief Executive Officer)

**DANNY FOO JOON LYE**  
(Executive Director)

**TAN ENG ANN**  
(Lead Independent Director)

**SOH CHUN BIN**  
(Independent Director)

**NG KHENG CHOO**  
(Independent Director)

## AUDIT COMMITTEE

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**TAN ENG ANN** (Chairman)  
**SOH CHUN BIN**  
**NG KHENG CHOO**

## NOMINATING COMMITTEE

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**NG KHENG CHOO** (Chairman)  
**TAN ENG ANN**  
**SOH CHUN BIN**

## REMUNERATION COMMITTEE

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**SOH CHUN BIN** (Chairman)  
**TAN ENG ANN**  
**NG KHENG CHOO**

## COMPANY SECRETARIES

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**WEE WOON HONG**, LLB (Hons)  
**TAN WEI**, CA Singapore

## REGISTERED OFFICE

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No. 57 Kaki Bukit Place  
Eunos Techpark  
Singapore 416231  
T: 65 6747 0220  
F: 65 6747 0110

## SPONSOR

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**HONG LEONG FINANCE LIMITED**  
16 Raffles Quay  
#01-05 Hong Leong Building  
Singapore 048581

## SHARE REGISTRAR

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**TRICOR BARBINDER SHARE REGISTRATION SERVICES**  
80 Robinson Road, #02-00  
Singapore 068898

## AUDITOR

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**BAKER TILLY TFW LLP**  
Public Accountants and Chartered Accountants  
600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188788  
Partner-in-charge: Ong Kian Guan, CA Singapore  
(Appointed since reporting year ended 30 June 2013)

## INVESTOR RELATIONS

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**ISOTEAM LTD.**  
E: [ir@iso-team.com](mailto:ir@iso-team.com)

**AUGUST CONSULTING**  
101 Thomson Road  
#30-02 United Square  
Singapore 307591  
T: 65 6733 8873

Silvia Heng  
E: [silviaheng@august.com.sg](mailto:silviaheng@august.com.sg)

Wrisney Tan  
E: [wrisneytan@august.com.sg](mailto:wrisneytan@august.com.sg)

## WEBSITE

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**[WWW.ISOTEAM.COM.SG](http://WWW.ISOTEAM.COM.SG)**

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or the "Directors") of ISOTeam Ltd. (the "Company") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") to protect the value of shareholders and interests of stakeholders as well as to enhance the confidence of investors.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"). This section outlines the main corporate governance practices and procedures adopted by the Company with reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code").

## BOARD MATTERS

### The Board's Conduct of its Affairs

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**Principle 1:** *Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.*

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The Board is entrusted to steer the direction of the Company by setting strategic objectives and ensuring adequate resources to achieve its objectives.

Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- major funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of key management personnel;
- announcement of half year and full year results, the annual report and financial statements;
- material acquisitions and disposal of assets; and
- all matters of strategic importance.

Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), have been established to assist the Board in the discharge of specific responsibilities. These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures.

The Board meets twice a year at regular intervals. Besides the scheduled Board meetings, the Board meets on an ad hoc basis as warranted by particular circumstances. Telephonic attendance at Board meetings is allowed under the Company's Articles of Association (the "Articles"). The Board and Board committees may also make decisions by way of circulating resolutions.

There was no new Director appointed in the financial year ended 30 June 2015 ("FY2015"). When a new Director is to be appointed, he or she will receive appropriate orientation to familiarise him or her with the business, organisation structure and governance practices of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the management of the Group (the "Management"). The Company encourages Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties.

# CORPORATE GOVERNANCE REPORT

During FY2015, the number of meetings held and attended by each member of the Board are as follows:

Names of Directors	Types of Meetings			
	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>Total held for FY2015</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
Ng Cheng Lian	2 <sup>#</sup>	2 <sup>*</sup>	1 <sup>*</sup>	1 <sup>*</sup>
Koh Thong Huat	2	2 <sup>*</sup>	1 <sup>*</sup>	1 <sup>*</sup>
Foo Joon Lye	2	2 <sup>*</sup>	1 <sup>*</sup>	1 <sup>*</sup>
Tan Eng Ann	2	2 <sup>#</sup>	1	1
Soh Chun Bin	2	2	1	1 <sup>#</sup>
Ng Kheng Choo	2	2	1 <sup>#</sup>	1

**Notes:**

# Chairman

\* By invitation

## Board Composition and Guidance

**Principle 2:** *There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.*

The Board currently comprises three Executive Directors and three Independent Directors as follows:

### Executive Directors

Mr Ng Cheng Lian (Executive Chairman)

Mr Koh Thong Huat (Chief Executive Officer ("CEO"))

Mr Foo Joon Lye (Director (Operations))

### Independent Directors

Mr Tan Eng Ann

Mr Soh Chun Bin

Ms Ng Kheng Choo

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. In this regard, the NC is of the view that Mr Tan Eng Ann, Mr Soh Chun Bin and Ms Ng Kheng Choo are independent.

As half of the Board is made up of Independent Directors, the NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

The Board through the NC has examined its board size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the wide spectrum of skill and knowledge of the Directors. The Board includes one female Director in recognition of the value of gender diversity. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board and the Board committees comprise Directors, who, as a group, provide core competencies such as accounting, finance, business and management experience, and strategic planning experience.



# CORPORATE GOVERNANCE REPORT

## Chairman and Chief Executive Officer

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**Principle 3:** *There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.*

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The Company adopts a dual leadership structure whereby the roles of Chairman and CEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

The Executive Chairman, Mr Ng Cheng Lian, is responsible for the leadership of the Board. He supports the CEO in the implementation of the corporate and strategic development of the Group. The CEO, Mr Koh Thong Huat, formulates and implements the Group's expansion plans and the overall corporate and strategic development of the Group.

Notwithstanding the Chairman is not an Independent Director and he is part of management team, the Board is of the opinion that there are adequate safeguards in terms of accountability and transparency. In accordance with the Code, Mr Tan Eng Ann who is the Chairman of AC and Lead Independent Director, is available to shareholders when they have concerns where contact through the normal channels of the Chairman, CEO, Executive Directors and/or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

## Board Membership

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**Principle 4:** *There should be a formal and transparent process for the appointment and re-appointment of directors to the board.*

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The NC comprises three Independent Directors, namely Ms Ng Kheng Choo, Mr Tan Eng Ann and Mr Soh Chun Bin. The Chairman of the NC is Ms Ng Kheng Choo. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

- (a) to review and recommend to the Board, all Board appointments and re-appointments;
- (b) to determine, on an annual basis, if a Director is independent, guided by the independent guidelines contained in the Code;
- (c) to decide whether or not a Director is able to and has been adequately carrying out his or her duties as a Director; and
- (d) to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

The NC has reviewed the independence of each Director in accordance with the Code's definition of independence and is satisfied that half of the Board is made up of Independent Directors.

In terms of the selection and appointment of a new Director, the NC will determine the desired competencies to complement the skills and competencies of the existing Directors. Potential candidates are sourced from a network of contacts or through external consultants.

Article 107 of the Articles provides that one-third of the Directors shall retire from office by rotation at each Annual General Meeting ("AGM") of the Company and, all Directors shall retire from office at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election. A retiring Director is eligible for re-election by shareholders at the AGM.

# CORPORATE GOVERNANCE REPORT

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC, in considering the re-election of a Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings. Each member of the NC shall abstain from recommending his or her own re-election. The NC has recommended the re-election of two Directors retiring under Article 107 of the Articles, namely Mr Koh Thong Huat and Mr Soh Chun Bin at the forthcoming AGM. The Board has accepted the NC's recommendation.

The dates of appointment and directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
			Present	Last Three Years
Ng Cheng Lian	12 December 2012	27 October 2014	Nil	Nil
Koh Thong Huat	12 December 2012	28 October 2013	Nil	Nil
Foo Joon Lye	12 December 2012	28 October 2013	Nil	Nil
Tan Eng Ann	7 June 2013	27 October 2014	<ul style="list-style-type: none"> <li>Hiap Tong Corporation Ltd.</li> <li>GCCP Resources Limited</li> </ul>	<ul style="list-style-type: none"> <li>R H Energy Ltd. (now known as Chiwayland International Limited)</li> </ul>
Soh Chun Bin	7 June 2013	28 October 2013	<ul style="list-style-type: none"> <li>Geo Energy Resources Limited</li> <li>Triyards Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>Asia Fashion Holdings Limited</li> </ul>
Ng Kheng Choo	7 June 2013	28 October 2013	Nil	Nil

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his or her duties as Director of the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises.

Key information regarding the Directors and information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Report" sections of this annual report respectively.

## Board Performance

**Principle 5:** *There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.*

The NC has adopted a formal process to annually assess the performance and effectiveness of the Board and its committees, as well as to evaluate the contribution of each Director to the effectiveness of the Board. Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each Director for completion and the assessment results are discussed at the NC meeting. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as Director.

## Access to Information

**Principle 6:** *In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Directors are furnished with timely and adequate information from the Management to enable them to discharge their duties effectively. Directors have unrestricted access to the Company's records and information, all Board and Board committees' minutes. Directors are also provided with agenda and meeting materials in advance and have separate and independent access to the Company Secretaries and Management at all times.

# CORPORATE GOVERNANCE REPORT

The Company Secretaries attend all Board and Board committees' meetings and are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Cap. 50, and the provisions in the Catalyst Rules are complied with. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his or her duties and responsibilities as Director.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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**Principle 7:** *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.*

---

The RC comprises three Independent Directors, namely Mr Soh Chun Bin, Mr Tan Eng Ann and Ms Ng Kheng Choo. The Chairman of the RC is Mr Soh Chun Bin. The RC has written terms of reference that describe the responsibilities of its members.

The principal functions of the RC are as follows:

- (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director, key management personnel and employees related to the Directors and substantial shareholders of the Company;
- (b) to function as the committee referred to in the ISOTeam Performance Share Plan (the "ISOTeam PSP") and shall have all the powers as set out in the ISOTeam PSP; and
- (c) to review all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of their own remuneration.

### Level and Mix of Remuneration

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**Principle 8:** *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

---

The Company has its own designated remuneration policy for the Executive Directors, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary, allowance and a variable bonus, which takes into account the individual Director and the Group's performance as well as the market rates.

Mr Ng Cheng Lian (Executive Chairman), Mr Koh Thong Huat (CEO) and Mr Foo Joon Lye (Director (Operations)) are paid based on their respective service agreements with the Company. The service agreements are subject to review and renewal upon expiry, unless terminated by a notice in writing of not less than six months by either party.

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company.

# CORPORATE GOVERNANCE REPORT

The Company has adopted the ISOTeam PSP in June 2013. The ISOTeam PSP is administered by the RC. Please refer to the "Directors' Report" section of this annual report for more information on the ISOTeam PSP.

## Disclosure on Remuneration

**Principle 9:** *Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The Board supports and is aware of the need for transparency. However, the Board is of the view that full disclosure of the specific remuneration of Director and key management personnel of the Group, either on an individual basis or in aggregate, is not in the best interests of the Company, having taken into consideration the very sensitive nature of the matter and the competitive business environment the Group operates in and irrevocable negative impact such disclosure would have on the Group.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2015 is as follows:

Remuneration Band and Name of Director	Fee	Salary*	Bonus	Allowance	Total
<b>\$500,000 to \$750,000</b>	%	%	%	%	%
Ng Cheng Lian	–	49	45	6	100
Koh Thong Huat	–	53	42	5	100
Foo Joon Lye	–	40	53	7	100
<b>Below \$250,000</b>					
Tan Eng Ann	100	–	–	–	100
Soh Chun Bin	100	–	–	–	100
Ng Kheng Choo	100	–	–	–	100

**Note:**

\* These amounts are inclusive of employer's CPF contribution.

A breakdown, showing the level and mix of each key executive's remuneration for FY2015 is as follows:

Remuneration Band and Name of Executive#	Fee	Salary*	Bonus	Allowance	Total
<b>Below \$250,000</b>	%	%	%	%	%
Or Thiam Huat	24	62	–	14	100
Lim Kim Hock	25	61	–	14	100
Chan Chung Khang	–	81	19	–	100
Tan Wei	–	71	25	4	100

**Notes:**

# During FY2015, there were only four key executives.

\* These amounts are inclusive of employee CPF contribution.

None of the current employees are related to the Directors or the CEO.

## ACCOUNTABILITY AND AUDIT

### Accountability

**Principle 10:** *The board should present a balanced and understandable assessment of the company's performance, position and prospects.*

In presenting the annual financial statements and interim announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced assessment of the Group's performance, position and prospects. The Board is committed to provide shareholders with timely and accurate financial statements.

# CORPORATE GOVERNANCE REPORT

## Risk Management and Internal Controls

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**Principle 11:** *The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

---

The Company does not have a risk management committee. However, the Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business and operational risks as well as appropriate measures to control and mitigate such risks with reference to the Risk Assessment works performed by an external professional firm, namely Nexia TS Risk Advisory Pte Ltd. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the AC.

To enhance the Group's system of internal controls, the Board has appointed Nexia TS Risk Advisory Pte Ltd to review, recommend and have subsequent rectifications follow-up on the Group's internal control system, and to expand and enhance on its policies and procedures manual.

The Board has received assurance from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2015 give a true and fair view of the Group's operations and finances; and (b) that the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by the Management and the Board, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 30 June 2015. The Board and the AC note that all internal control systems contain inherent limitations. No system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal control system.

## Audit Committee

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**Principle 12:** *The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.*

---

The AC comprises three Independent Directors, namely Mr Tan Eng Ann, Mr Soh Chun Bin and Ms Ng Kheng Choo. The Chairman of the AC is Mr Tan Eng Ann. The AC is regulated by a set of written terms of reference which are in line with the Code. The Board is of the view that the AC has sufficient financial and management expertise and experience amongst its members to discharge its responsibilities.

The AC will meet periodically to discuss, *inter alia*, the following:

- (a) to review the audit plans of the external auditor and internal auditor, including the results of the external auditor and internal auditor's review and evaluation of the system of internal controls of the Group;
- (b) to review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the external auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (c) to review the half-yearly consolidated financial statements comprising the statement of comprehensive income and the statement of financial position and such other information required by the Catalist Rules before submission to the Board for approval;

# CORPORATE GOVERNANCE REPORT

- (d) to review and discuss with the external auditor and internal auditor, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) to review the co-operation given by the Management to the external auditor;
- (f) to consider the appointment or re-appointment of the external auditor;
- (g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) to review any potential conflicts of interests (if any);
- (i) to review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) to undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) to undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and the co-operation of the Management.

The AC had met with the internal and external auditors, without the presence of the Management to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the internal and external auditors.

During FY2015, the aggregate amount of fees paid or payable to the external auditor for the audit services is reflected in Note 6 to the audited financial statements.

There is no non-audit services provided by the external auditor as of 30 June 2015. In the AC's opinion, Baker Tilly TFW LLP is suitable for re-appointment and it has accordingly recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as the external auditor of the Company at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditor.

The Company has in place a whistle-blowing policy where employees of the Group and external parties have access to the AC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters which they become aware.

It is the Company's practice for the external auditor to present to the AC its audit plan and with updates relating to any changes in accounting standards impacting the financial statements before an audit commences. During FY2015, the changes in accounting standards did not have any material impact on the Group's financial statements.

# CORPORATE GOVERNANCE REPORT

## Internal Audit

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**Principle 13:** *The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

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The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Nexia TS Risk Advisory Pte Ltd to undertake the functions of an internal auditor for the Group. The internal auditor reports directly to the AC and administratively to the Executive Directors.

In view of the above, the AC is satisfied that the current arrangement to outsource the internal audit to Nexia TS Risk Advisory Pte Ltd will provide an independent internal audit for the Group's operations.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

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**Principle 14:** *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

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The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively in the AGM. The Articles allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM.

### Communication with Shareholders

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**Principle 15:** *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

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The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Cap. 50, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

The Company does not practise selective disclosure. Price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period.

Regular media and analyst briefings are organised to enable a better appreciation of the Group's performance and developments. The Company holds investor briefings, inviting the media and analyst, after the release of its half year or full year financial results.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be price-sensitive is disseminated without delay via announcements and/or press releases on SGXNET;

# CORPORATE GOVERNANCE REPORT

- (b) Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcement of financial results;
- (c) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and
- (d) Operate an open policy with regard to shareholders or investors' enquiries.

## Conduct of Shareholders Meetings

**Principle 16:** *Companies should encourage greater shareholder participation at general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

All shareholders will receive the Company's annual report and notice of AGM. Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at the forthcoming AGM.

The Chairman of each Board committee is required to be present to address questions at the AGM. The external auditor will also be present at such meeting to assist the Directors to address shareholders' queries, if necessary.

The Articles of Association of the Company allow any member of the Company, if he or she is unable to attend the meeting, to appoint not more than two proxies to attend and vote on his or her behalf at the meeting through proxy forms sent in advance.

## ADDITIONAL INFORMATION

### Dealing in Securities

The Company has adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the full year or half year results and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

### Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Details of the interested person transactions entered into by the Group for FY2015 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules are set out below:

Name of interested person	Aggregate value of all interested person transactions during FY2015 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Testing fees paid to Green Pest Management Pte. Ltd.	\$217,000	Nil



# CORPORATE GOVERNANCE REPORT

The Board confirms that the above interested person transactions were entered into on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the shareholders of the Company.

## Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Company's sponsor, Hong Leong Finance Limited for FY2015.

## Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "Directors' Report" section of this annual report and the audited financial statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

## Use of Proceeds from Initial Public Offering ("IPO")

The Company has fully utilised the net proceeds raised from the IPO for the intended purposes as follows:

Intended purposes	Amount allocated \$'000	Amount utilised \$'000
To expand business in providing green solutions and products for repairs and redecoration, and addition and alteration projects and fleet of equipment, machinery and vehicles	1,200	(1,200)
To expand business through acquisitions, joint ventures and/or strategic alliances, as well as developing new businesses	2,500	(2,500)
General working capital	1,570	(1,570)
<b>Total</b>	<b>5,270</b>	<b>5,270</b>

## Use of Proceeds from Placement of 2,800,000 new ordinary shares in the capital of the Company

The Company has fully utilised the net proceeds raised from the placement of 2,800,000 new ordinary shares in the capital of the Company, amounting to approximately \$1.34 million for the intended purposes i.e. to fund the acquisition of the entire issued and paid up share capital of ISOTeam C&P Pte. Ltd., ISOTeam Access Pte. Ltd., Industrial Contracts Marketing (2001) Pte. Ltd. and ISO-Landscape Pte. Ltd..

## Use of Proceeds from Placement of 9,000,000 new ordinary shares in the capital of the Company

The Company raised net proceeds of approximately \$5.04 million from the placement of 9,000,000 new ordinary shares in the capital of the Company. As at 28 August 2015, such placement proceeds had been utilised in accordance with the intended purposes as follows:

Intended purposes	Amount allocated \$'000	Amount utilised \$'000	Balance \$'000
To fund capital expenditures	3,000	–	3,000
To fund new investments and business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	–	1,500
General working capital	536	–	536
<b>Total</b>	<b>5,036</b>	<b>–</b>	<b>5,036</b>

# DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of ISOTeam Ltd. and its subsidiaries (the "Group") for the financial year ended 30 June 2015 and the statement of financial position of ISOTeam Ltd. (the "Company") as at 30 June 2015.

## 1 DIRECTORS

The directors of the Company in office at the date of this report are:

Ng Cheng Lian  
Koh Thong Huat  
Foo Joon Lye  
Tan Eng Ann  
Soh Chun Bin  
Ng Kheng Choo

## 2 ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## 3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and/related companies as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act"), except as follows:

Name of directors	Number of ordinary shares			
	Shareholdings registered in the name of directors		Shareholdings in which a director is deemed to have an interest	
	At 1.7.2014	At 30.6.2015	At 1.7.2014	At 30.6.2015
Ng Cheng Lian	6,488,000	3,841,000	59,977,203	59,977,203
Koh Thong Huat	6,488,000	3,841,000	59,977,203	59,977,203
Foo Joon Lye	6,488,000	–	59,977,203	63,818,203

The deemed interest of Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye in the shares of the Company are by virtue of their shareholdings in ADD Investment Holding Pte Ltd. At 30 June 2015, ADD Investment Holding Pte Ltd holds 59,977,203 shares in the Company. In addition, Foo Joon Lye is deemed to be interested in 3,841,000 shares in the Company held by his nominee as at 30 June 2015.

By virtue of Section 7 (4) of the Act, the directors, Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye are deemed to have an interest in the shares held by the Company in all of its subsidiaries.

The directors' interests as at 21 July 2015 was the same as those at the end of the financial year.

# DIRECTORS' REPORT

## 4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit other than those disclosed in the consolidated financial statements and this report by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. Certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

## 5 SHARE OPTIONS

The Company does not have any share option scheme or share scheme.

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

## 6 ISOTEAM PERFORMANCE SHARE PLAN

The ISOTeam Performance Share Plan (the "ISOTeam PSP") was adopted by the shareholders of the Company on 5 June 2013. The ISOTeam PSP contemplates the award of fully-paid shares in the capital of the Company ("Shares") to participants after certain pre-determined benchmarks have been met. The directors believe that the ISOTeam PSP will be more effective than pure cash bonuses in motivating employees of the Group to work towards pre-determined goals.

The ISOTeam PSP allows for participation by full-time employees of the Group (including the executive directors who are not a substantial shareholder of the Company or its associates) who have attained the age of 18 years and above on or before the relevant date of grant of the award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Non-executive directors, independent directors and controlling shareholders (including their associates) of the Company are not eligible to participate in the ISOTeam PSP.

The ISOTeam PSP is administered by the Remuneration Committee of the Company which has the absolute discretion to determine persons who will be eligible to participate in the ISOTeam PSP. The ISOTeam PSP shall continue in operation for a maximum period of 10 years commencing on the date on which the ISOTeam PSP is adopted, provided that the ISOTeam PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares which may be issued or transferred pursuant to the awards granted under the ISOTeam PSP, when added to (i) the number of shares issued or issuable and/or transferred or transferrable in respect of all awards granted thereunder; and (ii) all shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant award date.

Since the commencement of the ISOTeam PSP, the Company has not granted any awards under the ISOTeam PSP.

# DIRECTORS' REPORT

## 7 AUDIT COMMITTEE

The Audit Committee comprises three members, who are all independent directors. The members of the Audit Committee for the financial year are:

Tan Eng Ann (Chairman)  
Soh Chun Bin  
Ng Kheng Choo

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

- (a) reviewing the audit plans of the external auditor and internal auditor, including the results of the external and internal auditors' review and evaluation of the system of internal controls of the Group;
- (b) reviewing the annual consolidated financial statements and the external auditor's report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;
- (c) reviewing the periodic consolidated financial statements comprising the statement of comprehensive income and the statement of financial position and such other information required by the Catalist Rules, before submission to the Board for approval;
- (d) reviewing and discussing with the external and internal auditors, if any, suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;
- (e) reviewing the co-operation given by the management to the external auditor;
- (f) considering the appointment or re-appointment of the external auditor;
- (g) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) reviewing potential conflicts of interests (if any);
- (i) reviewing the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- (k) undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

# DIRECTORS' REPORT

## 8 INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ng Cheng Lian  
Director

Koh Thong Huat  
Director

29 September 2015

# STATEMENT BY DIRECTORS

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 54 to 97 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and
  
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Ng Cheng Lian  
Director

Koh Thong Huat  
Director

29 September 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages 54 to 97, which comprise the statements of financial position of the Group and the Company as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

29 September 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
<b>Revenue</b>	3	<b>81,652</b>	69,852
Cost of sales		<b>(61,499)</b>	(56,353)
Gross profit		<b>20,153</b>	13,499
Other income	4	<b>947</b>	583
Marketing and distribution expenses		<b>(1,092)</b>	(706)
General and administrative expenses		<b>(9,466)</b>	(6,312)
Finance costs	5	<b>(252)</b>	(354)
Other operating expenses		<b>(771)</b>	–
<b>Profit before tax</b>	6	<b>9,519</b>	6,710
Tax expense	8	<b>(1,413)</b>	(640)
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>		<b>8,106</b>	6,070
<b>Attributable to:</b>			
Equity holders of the Company		<b>8,124</b>	6,056
Non-controlling interest		<b>(18)</b>	14
		<b>8,106</b>	6,070
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted (cents)	9	<b>6.45</b>	5.19

*The accompanying notes form an integral part of the financial statements.*



# STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	GROUP		COMPANY	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	9,721	5,111	–	–
Goodwill	11	2,483	–	–	–
Intangible asset	12	2,124	–	–	–
Investment securities	13	400	400	–	–
Investment in subsidiaries	14	–	–	24,046	13,750
<b>Total non-current assets</b>		<b>14,728</b>	5,511	<b>24,046</b>	13,750
<b>Current assets</b>					
Due from customers					
for contract work-in-progress	15	2,534	3,122	–	–
Inventories	16	158	135	–	–
Trade and other receivables	17	26,064	23,032	2,541	515
Cash and bank balances	18	32,273	17,560	8,667	7,004
<b>Total current assets</b>		<b>61,029</b>	43,849	<b>11,208</b>	7,519
<b>Total assets</b>		<b>75,757</b>	49,360	<b>35,254</b>	21,269
<b>Non-current liabilities</b>					
Finance lease liabilities	19	859	401	–	–
Deferred tax liabilities	20	681	89	–	–
Bank borrowings	21	569	–	–	–
<b>Total non-current liabilities</b>		<b>2,109</b>	490	–	–
<b>Current liabilities</b>					
Due to customers					
for contract work-in-progress	15	5,382	6,505	–	–
Bank borrowings	21	2,360	4,168	–	–
Trade and other payables	22	17,459	11,154	3,014	3,375
Finance lease liabilities	19	519	262	–	–
Tax payables		1,545	994	–	–
<b>Total current liabilities</b>		<b>27,265</b>	23,083	<b>3,014</b>	3,375
<b>Total liabilities</b>		<b>29,374</b>	23,573	<b>3,014</b>	3,375
<b>Net assets</b>		<b>46,383</b>	25,787	<b>32,240</b>	17,894
<b>Share capital and reserves</b>					
Share capital	23	29,618	15,867	29,618	15,867
Accumulated profits		24,143	17,195	2,622	2,027
Merger reserve	24	(7,338)	(7,338)	–	–
Other reserve		(107)	–	–	–
Equity attributable to equity holders					
of the Company		46,316	25,724	32,240	17,894
Non-controlling interest		67	63	–	–
<b>Total equity</b>		<b>46,383</b>	25,787	<b>32,240</b>	17,894

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	◀ Attributable to equity holders of the Company ▶					Non-controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Accumulated profits \$'000	Merger reserve \$'000	Other reserve \$'000	Total \$'000		
Balance at 1.7.2014	15,867	17,195	(7,338)	–	25,724	63	25,787
Profit and total comprehensive income for the year	–	8,124	–	–	8,124	(18)	8,106
<i>Contributions by and distributions to equity holders</i>							
Issue of shares	6,620	–	–	–	6,620	–	6,620
Share issue expenses	(193)	–	–	–	(193)	–	(193)
Dividend (note 26)	–	(1,176)	–	–	(1,176)	–	(1,176)
Issuance of shares pursuant to acquisition of subsidiaries	7,324	–	–	–	7,324	22	7,346
	13,751	(1,176)	–	–	12,575	22	12,597
<i>Changes in ownership interest in a subsidiary</i>							
Acquisition of non-controlling interest without a change in control	–	–	–	(107)	(107)	–	(107)
	–	–	–	(107)	(107)	–	(107)
Total transactions with equity holders of the Company	13,751	(1,176)	–	(107)	12,468	22	12,490
<b>Balance at 30.6.2015</b>	<b>29,618</b>	<b>24,143</b>	<b>(7,338)</b>	<b>(107)</b>	<b>46,316</b>	<b>67</b>	<b>46,383</b>
Balance at 1.7.2013	9,651	12,315	(7,338)	–	14,628	–	14,628
Profit and total comprehensive income for the year	–	6,056	–	–	6,056	14	6,070
<i>Contributions by and distributions to equity holders</i>							
Issue of shares	6,761	–	–	–	6,761	–	6,761
Share issue expenses	(545)	–	–	–	(545)	–	(545)
Dividend (note 26)	–	(1,176)	–	–	(1,176)	–	(1,176)
	6,216	(1,176)	–	–	5,040	–	5,040
<i>Changes in ownership interest in a subsidiary</i>							
Incorporation of a subsidiary	–	–	–	–	–	49	49
	–	–	–	–	–	49	49
Total transactions with equity holders of the Company	6,216	(1,176)	–	–	5,040	49	5,089
<b>Balance at 30.6.2014</b>	<b>15,867</b>	<b>17,195</b>	<b>(7,338)</b>	<b>–</b>	<b>25,724</b>	<b>63</b>	<b>25,787</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	9,519	6,710
Adjustments for:		
Amortisation of intangible asset	193	–
Depreciation of property, plant and equipment	2,502	474
Gain on disposal of property, plant and equipment (net)	(179)	(17)
Interest income	(53)	(10)
Interest expense	148	234
Property, plant and equipment written off	24	–
Allowance for doubtful receivables (net)	75	7
Goodwill written off	578	–
Bad debts written off	3	55
Inventories written off	3	–
Operating profit before working capital changes	12,813	7,453
Contract work-in-progress	(789)	4,094
Trade and other receivables	2,723	(6,516)
Trade and other payables	3,515	2,777
Inventories	3	(135)
Cash generated from operations	18,265	7,673
Interest received	53	4
Interest paid	(141)	(234)
Tax paid	(1,114)	(696)
<b>Net cash generated from operating activities</b>	<b>17,063</b>	<b>6,747</b>
<b>Cash flows from investing activities</b>		
Net cash outflows on acquisition of subsidiaries (note 14)	(3,257)	–
Purchases of property, plant and equipment (note A)	(2,489)	(1,081)
Proceeds from disposal of property, plant and equipment	1,213	45
<b>Net cash used in investing activities</b>	<b>(4,533)</b>	<b>(1,036)</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	6,620	6,761
Fixed deposits pledged to bank	303	(345)
Drawdown of bank borrowings	269	853
Due to related parties (non-trade)	(2)	(1,253)
Repayment of bank borrowings	(2,575)	(872)
Repayment of finance lease	(537)	(431)
Dividend paid	(1,176)	(1,176)
Share issuance expense	(193)	–
Listing expenses	–	(545)
Contributions by non-controlling interest	–	49
Acquisition of non-controlling interest	(223)	–
<b>Net cash generated from financing activities</b>	<b>2,486</b>	<b>3,041</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,016</b>	<b>8,752</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>15,659</b>	<b>6,907</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>30,675</b>	<b>15,659</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	\$'000	\$'000
Cash in hand and at bank (note 18)	20,632	15,500
Fixed deposits (note 18)	11,641	2,060
	<b>32,273</b>	17,560
Less: Fixed deposits pledged (note 18)	(1,598)	(1,901)
	<b>30,675</b>	<b>15,659</b>

## Note A

The Group acquired property, plant and equipment with an aggregate cost of \$2,764,000 (2014: \$1,172,000) of which \$275,000 (2014: \$91,000) was financed by means of finance lease.

*The accompanying notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 CORPORATE INFORMATION

ISOteam Ltd. (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.

The registered office and principal place of business of the Company is at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in note 14.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk resulting in material adjustment within next financial year, are disclosed in note 2(aa) to the financial statements.

The carrying amounts of cash and bank balances, trade and other receivables and current payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

During the financial year, the Group has adopted all new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS has no any material effect on the financial statements.

New and revised FRS and INT FRS that have been issued but are not yet effective for the financial year ended 30 June 2015 have not been applied in preparing these financial statements. The directors expect that the adoption of these new and revised FRS and INT FRS will have no material impact on the financial statements in the year of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies are consolidated from the date of acquisition, being the date which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(d). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### b) Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value recognised in profit or loss.

### c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### d) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### e) Intangible assets

#### *Order book*

The order book is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using percentage of the actual realisation of order book over the expected order book, not exceeding 2 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Furniture and fittings	5
Renovation	5
Office equipment and fittings	5
Site equipment and fittings	5
Motor vehicles	10
Gondolas and machineries	5-10
Computers	3
Leasehold property	46.5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

### g) Construction contracts

The Group principally operates fixed price contracts. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### g) Construction contracts (cont'd)

Costs incurred during the financial year in connection with future activity on a contract are shown as gross amount due from contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to surveys of work performed.

At the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers for contract work-in-progress. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers for contract work-in-progress.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

### h) Financial assets

#### *Classification*

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables and held-to-maturity investments.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the statement of financial position.

#### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

#### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Financial assets (cont'd)

#### *Recognition and derecognition (cont'd)*

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

#### *Initial measurement*

Loans and receivables and held-to-maturity financial assets are initially recognised at fair value plus transaction costs.

#### *Subsequent measurement*

Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

#### *Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### *Financial assets carried at amortised cost*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Financial assets (cont'd)

#### *Financial assets, held-to-maturity*

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment and the impairment loss is recognised in profit or loss. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in profit or loss in the period in which the impairment occurs.

Impairment loss is reversed through the profit or loss if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

### i) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### j) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave), bank borrowings and finance lease liabilities. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

### l) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### m) Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control, following the application of pooling of interest method. This reserve will remain until the subsidiaries are disposed.

### n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Revenue from construction contract is recognised by reference to the stage of completion of the contract activity at the reporting date (the percentage of completion method).

Service income is recognised after the services have been rendered.

Revenue from sale of goods is recognised when the Company has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the rights to receive the payment is established.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

### o) Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### q) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

### r) Leases

When the Group entity is the lessee:

#### *Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

#### *Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

#### *Operating leases*

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### s) Employee benefits

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

### t) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

### u) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### u) Income taxes (cont'd)

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### v) Functional and foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group are presented in Singapore dollars, which is the Company's functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### w) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

### x) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are readily convertible and subject to an insignificant risk of change in value excludes pledged deposits.

### y) Related parties

Related parties refer to companies which are controlled by the Group's key management personnel and major corporate shareholder.

### z) Segment reporting

An operating segment is 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### aa) Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 30 June 2015 were \$1,545,000 and \$681,000 (2014: \$994,000 and \$89,000) respectively.

#### *Impairment of loans and receivables*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the reporting date are disclosed in note 29(a) to the financial statements.

#### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and intangible asset are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the property, plant and equipment, goodwill and intangible asset are disclosed in notes 10, 11 and 12 respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### aa) Key source of estimation uncertainty (cont'd)

#### *Construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at end of the reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the professional's certification of value of work done to-date or by reference to survey of work performed.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relied on past experience and knowledge of the project managers. The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in note 15 to the financial statements.

#### *Estimated useful lives of property, plant and equipment*

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during the reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes.

## 3 REVENUE

	GROUP	
	2015	2014
	\$'000	\$'000
Revenue from contracts	79,383	68,512
Revenue from other services	2,069	1,174
Sale of goods	200	166
	<b>81,652</b>	69,852

## 4 OTHER INCOME

	GROUP	
	2015	2014
	\$'000	\$'000
Government grants	484	35
Gain on disposal of property, plant and equipment	179	21
Interest income	53	10
Rental income	25	188
Others	206	329
	<b>947</b>	583

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 5 FINANCE COSTS

	GROUP	
	2015 \$'000	2014 \$'000
Interest expense:		
– finance lease	70	41
– factoring loan	47	132
– term loan	27	25
– others	4	36
Bank charges	25	23
Factoring charges	79	97
	<b>252</b>	<b>354</b>

## 6 PROFIT BEFORE TAX

	GROUP	
	2015 \$'000	2014 \$'000
This is arrived at after charging/(crediting):		
Allowance for doubtful receivables (note 17)	75	8
Amortisation of intangible asset (note 12)	193	–
Audit fee paid/payable to auditor of the Company	205	138
Bad debts written off (note 17)	3	55
Bad debts recovered	–	(3)
Depreciation of property, plant and equipment (note 10)	2,502	474
Goodwill written off (note 11)	578	–
Loss on disposal of property, plant and equipment	–	4
Personnel expenses (note 7)	18,269	12,013
Property, plant and equipment written off	24	–
Rental expense	405	325

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 7 PERSONNEL EXPENSES

	GROUP	
	2015 \$'000	2014 \$'000
Directors of the Company:		
– Salaries and bonus	1,708	1,519
– CPF	44	90
– Fees	134	134
– Other short-term benefits	108	108
Directors of the subsidiaries (including key executives):		
– Salaries and bonus	490	407
– CPF	62	54
– Fees	271	105
– Other short-term benefits	92	54
Key management personnel (non-directors):		
– Salaries and bonus	262	216
– CPF	34	30
– Other short-term benefits	8	8
Staff costs:		
– Salaries and bonus	10,439	6,687
– CPF	603	343
– Other short-term benefits	4,014	2,258
	<b>18,269</b>	<b>12,013</b>

## 8 TAX EXPENSE

	GROUP	
	2015 \$'000	2014 \$'000
Tax expense attributable to profits is made up of:		
Income tax:		
– Current year	1,473	436
– Under provision in prior years	102	174
Deferred tax:		
– Current year	(73)	35
– Over provision in prior years	(89)	(5)
	<b>1,413</b>	<b>640</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 8 TAX EXPENSE (CONT'D)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

	\$'000	\$'000
Profit before tax	9,519	6,710
Tax calculated at a tax rate of 17%	1,618	1,141
Singapore statutory stepped income exemption	(98)	(58)
Expenses not deductible for tax purposes	1,090	123
Income not subject to tax	(80)	(14)
Utilisation of prior year unrecognised deferred tax assets	151	–
Under provision of taxation in prior years	101	169
Deferred tax assets not recognised for the year	–	219
Crystallisation of deferred tax liabilities on acquisition of subsidiaries	(313)	–
Effect of tax incentives	(1,033)	(948)
Others	(23)	8
	<b>1,413</b>	<b>640</b>

At the reporting date, the Group has potential tax benefits arising from tax losses of approximately \$1,444,000 (2014: \$317,000) that are available for carry-forward to offset against future taxable income of the companies which the tax losses arose, subject to compliance with the relevant provisions of the Income Tax Act.

## 9 EARNINGS PER SHARE

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

	GROUP	
	2015 \$'000	2014 \$'000
Profit attributable to equity holders of the Company	8,124	6,056
Weighted average number of ordinary shares	125,899	116,670
Earnings per share (cents)		
– Basic and diluted	6.45	5.19

The basic and diluted earnings per share are the same as the Group does not have any potentially dilutive instruments for the relevant periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings \$'000	Renovation \$'000	Office equipment and fittings \$'000	Site equipment and fittings \$'000	Motor vehicles \$'000	Gondolas and machineries \$'000	Computers \$'000	Leasehold properties \$'000	Total \$'000
<b>Group</b>									
<b>2015</b>									
<b>Cost</b>									
At 1.7.2014	14	684	109	325	1,987	2,637	218	2,879	8,853
Additions	3	167	68	65	1,118	801	284	258	2,764
Disposals	–	–	–	(15)	(282)	(459)	(23)	(820)	(1,599)
Acquisition of subsidiaries	21	105	87	9	2,143	4,599	112	1,493	8,569
Written off	(21)	(105)	(49)	–	(90)	(30)	–	–	(295)
At 30.6.2015	<b>17</b>	<b>851</b>	<b>215</b>	<b>384</b>	<b>4,876</b>	<b>7,548</b>	<b>591</b>	<b>3,810</b>	<b>18,292</b>
<b>Accumulated depreciation</b>									
At 1.7.2014	3	577	36	199	1,104	1,393	106	324	3,742
Depreciation charge	3	28	24	43	266	1,966	81	91	2,502
Disposals	–	–	–	(12)	(182)	(331)	(22)	(18)	(565)
Acquisition of subsidiaries	21	103	68	2	954	1,895	105	15	3,163
Written off	(21)	(103)	(35)	–	(90)	(22)	–	–	(271)
At 30.6.2015	<b>6</b>	<b>605</b>	<b>93</b>	<b>232</b>	<b>2,052</b>	<b>4,901</b>	<b>270</b>	<b>412</b>	<b>8,571</b>
<b>Net carrying value</b>									
At 30.6.2015	<b>11</b>	<b>246</b>	<b>122</b>	<b>152</b>	<b>2,824</b>	<b>2,647</b>	<b>321</b>	<b>3,398</b>	<b>9,721</b>
<b>2014</b>									
<b>Cost</b>									
At 1.7.2013	1	615	92	243	1,766	2,080	125	2,879	7,801
Additions	13	69	27	88	323	559	93	–	1,172
Disposals	–	–	(10)	(8)	(102)	–	–	–	(120)
Reclassification	–	–	–	2	–	(2)	–	–	–
At 30.6.2014	14	684	109	325	1,987	2,637	218	2,879	8,853
<b>Accumulated depreciation</b>									
At 1.7.2013	1	510	25	169	1,069	1,260	64	262	3,360
Depreciation charge	2	67	19	36	113	133	42	62	474
Disposals	–	–	(8)	(6)	(78)	–	–	–	(92)
At 30.6.2014	3	577	36	199	1,104	1,393	106	324	3,742
<b>Net carrying value</b>									
At 30.6.2014	11	107	73	126	883	1,244	112	2,555	5,111

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of property, plant and equipment acquired under finance lease arrangement are as follows:

	2015 \$'000	2014 \$'000
Motor vehicles	1,476	762
Gondolas and machineries	638	567
Office equipment and fittings	22	30
Site equipment and fittings	5	8
	<b>2,141</b>	1,367

The leasehold property with carrying amount of \$3,398,000 (2014:\$2,555,000) is mortgaged to a bank to secure banking facilities of the Group (note 21).

## 11 GOODWILL

	GROUP	
	2015 \$'000	2014 \$'000
<b>Cost</b>		
Arising from acquisition of subsidiaries and balance at end of year	3,061	–
<b>Accumulated impairment</b>		
Write off during the year	(578)	–
<b>Net carrying value</b>	<b>2,483</b>	–

### *Impairment testing of goodwill*

Goodwill arising from the acquisition of the subsidiaries relate to 4 cash-generating units ("CGU") as follows:

- Repair & redecoration
- Coatings & paintings
- Landscaping works
- Leasing services

These CGUs are reported under "repair & redecoration" and "others" in the operating segments.

The carrying amount of goodwill allocated to each CGU as at 30 June 2015 are as follows:

	Carrying value of goodwill as at 30 June 2015 \$'000
<b>Cash Generating Unit</b>	
Repair & redecoration	844
Coatings & paintings	539
Landscaping works	279
Leasing services	821
<b>Total</b>	<b>2,483</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 11 GOODWILL (CONT'D)

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. The pre-tax discount rate applied to the cash flow projections are as follows:

	Repair & redecoration/ Coating & paintings/ Landscaping works/ Leasing services 2015	2014
Pre-tax discount rates	5.35%	–

The calculations of value in use for the above CGUs are most sensitive to the following assumptions:

**Budgeted gross margins** – Gross margins are based on the past trend and are expected to be consistent over the budget period. The forecast prepared were based on the past trend of the company performance, current market and economic condition as at the time of preparation and reporting date. If there is any adverse change in the assumption and other unforeseen factors such as new entrance in market, political, economic, social, technological, environmental and legal then it may result in further impairment loss;

**Budgeted revenue** – Revenue is computed based on the order book and the potential contract with available information; and

**Pre-tax discount rates** – 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 financial structure of the Group, the industry environment and the economic conditions within which the Group operates and derived from its weighted average cost of capital (WACC) which takes into account both debt and cost of equity. The cost of debt is based on the average Singapore's bank prime lending rate. The cost of equity is derived from the minimum acceptable return on investment required by shareholders. The risk factors are considered in the computation of beta.

During the financial year ended 30 June 2015, an impairment loss of \$578,000 was recognised to write down the carrying amount of goodwill to its recoverable amount of \$Nil. The impairment loss has been recognised in profit or loss under the line item "Other operating expenses".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 12 INTANGIBLE ASSET

	Order book \$'000
<b>Cost</b>	
Acquisition of subsidiaries and balance at end of the year	2,317
<b>Accumulated amortisation</b>	
Amortisation during the year	(193)
<b>Net carrying value</b>	<b>2,124</b>

### *Order book*

An order or production backlog arises from contracts acquired during business combination.

The amortisation expense is charged to profit or loss and included in "Other operating expenses".

## 13 INVESTMENT SECURITIES

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Held-to-maturity investment				
– Structured deposit with a financial institution	<b>400</b>	400	–	–

The structured deposit is denominated in Singapore dollars and matures on 4 June 2018. The financial institution guarantees a minimum interest rate at each of the interest payments dates. The Group earns a bonus interest calculated based on a formula which is pegged to a basket of traded instruments. The structured deposit bears effective interest rate of 1.02% per annum.

The structured deposit was pledged to bank as collateral for bank borrowings.

The structured deposit has fair value at the reporting date amounting to \$397,000 (2014: \$397,000). The fair value was determined based on discounted cash flows using effective interest rate for structured deposit of 1.02% per annum as at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 \$'000	2014 \$'000
<b>Unquoted equity shares, at cost</b>		
Balance at beginning of financial year	13,750	13,699
Acquisition during financial year	12,386	51
Less: Impairment loss	(2,090)	–
	<b>24,046</b>	13,750

Allowance for impairment loss balance is as follows:

	COMPANY	
	2015 \$'000	2014 \$'000
Allowance made and balance at end of the year	2,090	–

(i) The details of the subsidiaries are as follows:

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held	
		2015 %	2014 %
<i>Held by the Company</i>			
ISO-Team Corporation Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	100	100
Raymond Construction Pte. Ltd.* (Singapore)	Provision of Addition and Alteration services and Repair and Redecoration services	100	100
TMS Alliances Pte. Ltd.* (Singapore)	Provision of Repair and Redecoration services	100	100
ITG-Green Technologies Pte. Ltd.* (Singapore)	Provision of eco-friendly solutions and products and products related to Repair and Redecoration and Addition and Alteration services	100	100
ISO-Seal Waterproofing Pte. Ltd.* (Singapore)	Provision of reroofing and waterproofing services	100	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14 INVESTMENT IN SUBSIDIARIES (CONT'D)

- (i) The details of the subsidiaries are as follows (cont'd):

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held	
		2015 %	2014 %
<i>Held by the Company</i>			
Zara@ISOTeam Pte. Ltd.* (Singapore)	Provision of interior design and space planning services	51	51
Industrial Contracts Marketing (2001) Pte Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	100	–
Iso-Team C&P Pte. Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	100	–
Iso-Landscape Pte. Ltd. * (Singapore)	Provision of landscape care and maintenance service activities	100	–
Iso-Team Access Pte. Ltd. * (Singapore)	Leasing of boom lift and related machineries	100	–

\* Audited by Baker Tilly TFW LLP, Singapore

- (ii) Acquisition of subsidiaries

On 6 January 2015 (the "Acquisition Date"), the Company acquired the 100% equity interests of ISOTeam Access Pte Ltd (previously known as Accom International Pte Ltd), ISOTeam C&P Pte Ltd (previously known as Accom Pte Ltd), Iso-Landscape Pte Ltd (previously known as Rong Shun Landscape & Construction Pte Ltd) and 94.08% equity interest of Industrial Contracts Marketing (2001) Pte Ltd ("ICM").

The Group acquired the four new subsidiaries to expand its new niche markets such as landscaping, specialist costings, private sector new-build painting and access provision equipment & services and to expect the synergy value arising from the acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (ii) Acquisition of subsidiaries (cont'd)

- (a) The fair value of the identifiable assets and liabilities of the subsidiaries as at the acquisition date were :

	Fair value recognised on acquisition
Property, plant and equipment	5,406
Due from customers for contract work-in-progress	435
Intangible assets	2,317
Trade and other receivables	5,831
Inventories	29
Cash and bank balances	1,582
	15,600
Due to customers for contract work-in-progress	(689)
Trade and other payables	(2,716)
Bank overdraft	(283)
Bank borrowings	(793)
Finance lease liabilities	(1,034)
Deferred tax liabilities	(754)
Tax payable	(91)
	(6,360)
Total identifiable net assets at fair value	9,240
Non-controlling interests	(138)
Goodwill arising from acquisition	3,061
	12,163
<u>Consideration transferred for the acquisition</u>	
Cash paid	4,839
Equity instruments issued (13,537,464 ordinary shares of ISOteam Ltd) (note 23)	7,324
	12,163
<u>Effect of the acquisition of subsidiaries on cash flows</u>	
Total consideration for equity interest acquired	12,163
Less: non-cash consideration	(7,324)
	4,839
Consideration settled in cash	4,839
Less: cash and bank balances of subsidiaries acquired	(1,582)
	3,257
Net cash outflows on acquisition	3,257

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14 INVESTMENT IN SUBSIDIARIES (CONT'D)

### (ii) Acquisition of subsidiaries (cont'd)

- (a) The fair value of the identifiable assets and liabilities of the subsidiaries as at the acquisition date were (cont'd):

#### Equity instruments issued as part of consideration transferred

In connection with the acquisition of subsidiaries, the Company issued 13,537,464 ordinary shares with a fair value of \$0.541 per share, based on the published price of the ordinary shares at the Acquisition Date.

The attributable cost for the issuance of the shares amounting to \$193,000 have been recognised directly in equity as a deduction from share capital.

- (b) Transaction costs

Transaction costs related to the acquisition of \$48,000 have been recognised in the "general and administrative expenses" in the Group's profit or loss for the year ended 30 June 2015.

- (c) Goodwill arising from acquisition

The goodwill of \$3,061,000 comprises the value of strengthening the Group's market position in new niche market.

- (d) Impact of the acquisition on profit or loss

From the Acquisition Date, the subsidiaries has contributed \$6,006,000 of revenue and loss of \$845,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group revenue would have been \$89,307,000 and the profit, net of tax would have been \$7,747,000.

- (e) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

<u>Assets acquired</u>	<u>Valuation technique</u>
Property, plant and equipment	
–Property	Market comparison technique; The valuation model considers market prices for similar items when available.
–Plant and equipment	Sales comparison approach; The valuation model considers assets of similar nature that have been sold, apply appropriate units of comparison, and making adjustment based on the elements.
Intangible asset	Discounted cash flow methodology to estimate the present value of the intangible asset. It is based on the theory that the order book will generate future economic returns to the business beyond those attributable to tangible assets of the business.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Acquisition of subsidiaries (cont'd)

(f) Provisional accounting for the acquisition of subsidiaries

The order book has been identified as an intangible asset arising from the acquisition. The Group has engaged an independent valuer to determine the fair value of the intangible asset. As at 30 June 2015, the fair value of the order book amounting to \$2,317,000 has been determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorised for issue. Goodwill arising from this acquisition, the carrying amount of the order book, deferred tax liability and amortisation of the intangible asset will be adjusted accordingly on a retrospective basis when the valuation of the intangible asset is finalised.

(iii) Acquisition of ownership interest in subsidiary, without loss of control

On 4 May 2015, the Company acquired an additional 5.92% equity interest in ICM from its non-controlling interest for a cash consideration of \$223,000. As a result of this acquisition, ICM became a wholly-owned subsidiary of the Group. The carrying value of the net assets of ICM at 4 May 2015 was \$1,952,000 and the carrying value of the additional interest acquired was \$116,000.

The difference of \$107,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interest" within equity.

The following summarises the effect of the change in the Group's ownership interest in ICM on the equity attributable to equity holders of the Company:

	\$'000
Consideration paid for acquisition of non-controlling interest	223
Decrease in equity attribution to non-controlling interest	(116)
Decrease in equity attribution to equity holders of the Company	107

(iv) The management does not consider the subsidiary's non-controlling interest to be material to the Group. Accordingly, the summarised financial information of the subsidiary is not being disclosed.

(v) Impairment testing of investment in subsidiaries

Management performed impairment tests for its investment in subsidiaries that have been persistently making losses.

An impairment loss of \$2,090,000 on the investment in the subsidiaries has been recognised for the financial year ended 30 June 2015 (2014: \$Nil). The estimates of the recoverable amount of investments have been determined by management based on the net assets value of the subsidiaries as at 30 June 2015, which approximates the recoverable amount of the investments in the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 15 DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Aggregate costs incurred to-date	<b>40,630</b>	47,877	–	–
Attributable profits recognised to-date	<b>10,726</b>	12,126	–	–
	<b>51,356</b>	60,003	–	–
Less: Progress billings	<b>(54,204)</b>	(63,386)	–	–
	<b>(2,848)</b>	(3,383)	–	–
Presented as:				
Due from customers for contract work-in-progress	<b>2,534</b>	3,122	–	–
Due to customers for contract work-in-progress	<b>(5,382)</b>	(6,505)	–	–
	<b>(2,848)</b>	(3,383)	–	–

## 16 INVENTORIES

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trading stocks	<b>158</b>	135	–	–
Inventories directly written off to profit or loss	<b>3</b>	–	–	–

In 2015, inventories included as cost of sales amounted to \$295,000 (2014: \$138,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 17 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables:				
– third parties	13,442	12,817	–	–
Less: Allowance for doubtful debts	(212)	(46)	–	–
	<b>13,230</b>	12,771	–	–
– related parties	62	186	–	–
	<b>13,292</b>	12,957	–	–
Retention sums on contracts:				
– third parties	1,295	208	–	–
– related parties	8	14	–	–
GST receivables	–	62	–	–
Accrued progress billings	9,547	8,850	–	–
Sundry deposits	986	372	–	–
Prepayment	465	238	9	8
Sundry receivables:				
– third parties	471	331	57	–
– subsidiaries	–	–	2,475	507
	<b>26,064</b>	23,032	<b>2,541</b>	515

Movements in allowance for doubtful debts during the financial year are as follows:

	\$'000	\$'000	\$'000	\$'000
At 1 July	46	53	–	–
Acquisition of subsidiaries	91	–	–	–
Allowance made (note 6)	75	8	–	–
Written off against allowance	–	(14)	–	–
Write back	–	(1)	–	–
At 30 June	<b>212</b>	46	–	–
Bad debts directly written off to profit or loss	<b>3</b>	55	–	–

The sundry receivables due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

As at reporting date, the total gross trade receivables amounted to \$3,881,000 (2014: \$3,837,000) were factored out to banks with recourse. The Group does not derecognise the assets until the recourse period has expired and the risk and rewards of these receivables have been fully transferred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 18 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash in hand and at bank	20,632	15,500	5,651	7,004
Fixed deposits	11,641	2,060	3,016	–
	<b>32,273</b>	17,560	<b>8,667</b>	7,004

Fixed deposits were placed with the reputable financial institution and matured within 2 to 13 months (2014: 2 to 10 months) from the reporting date. The effective interest rates ranged from 0.10% to 1.65% (2014: 0.27% to 1.07%) per annum.

Fixed deposits include an amount of \$1,598,000 (2014: \$1,901,000) which have been pledged to banks as collateral for bank borrowings (note 21).

Cash at bank includes an amount of \$1,090,000 (2014: \$1,049,000) which have been charged to bank as collateral for bank borrowings (note 21). However, the Group is not being restricted in its use of the cash charged.

## 19 FINANCE LEASE LIABILITIES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Group</b>				
Within 1 financial year	586	290	519	262
Within 2 to 5 financial years	855	431	758	401
After 5 financial years	109	–	101	–
Total minimum lease payments	1,550	721	1,378	663
Less: future finance charges	(172)	(58)	–	–
	<b>1,378</b>	663	<b>1,378</b>	663
Representing finance lease liabilities:				
– Current	519	262		
– Non-current	859	401		
	<b>1,378</b>	663		

The finance leases bear effective rates of interest between 2.28% to 7.48% (2014: 3.57% to 8.41%) per annum.

Certain directors of the Company have provided personal guarantees for finance lease liabilities amounting to \$111,000 (2014: \$117,000).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 20 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities are as follows:

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 July	89	59	–	–
Acquisition of subsidiaries	754	–	–	–
Tax charged to profit or loss	(162)	30	–	–
At 30 June	681	89	–	–

The deferred income tax liabilities on temporary differences recognised in the financial statements are in respect of tax effects arising from excess of carrying amount over tax written down value of property, plant and equipment and fair value adjustment on acquisition of subsidiaries of \$241,000 and \$440,000 respectively (2014: \$89,000 and \$Nil).

## 21 BANK BORROWINGS

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>Non-current</u>				
Term loan	569	–	–	–
<u>Current</u>				
Term loan	884	965	–	–
Factoring loan	1,476	3,203	–	–
	2,360	4,168	–	–

### *Term loan*

Term loan is bearing interest at:

- 1st - 4th periods: prevailing 3 month SIBOR plus 1.28%
- 5th - 8th periods: prevailing 3 month SIBOR plus 1.68%
- 9th period and thereafter: prevailing 3 month SIBOR plus 3.00%

The term loan is secured by:

- i) A legal mortgage over the Group's leasehold property (note 10);
- ii) Corporate guarantee from the Company; and
- iii) Charge on fixed deposits and cash in current account.

The term loan is callable term loan and therefore the term loan is classified under current liabilities.

### *Factoring loan*

Factoring loan is secured by corporate guarantee from the Company, a legal mortgage over the Group's leasehold property and charges over fixed deposits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 22 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables:				
– third parties	9,284	5,632	10	–
– related parties	1,570	857	–	–
GST payables	801	552	20	20
Retention payables:				
– third parties	2,422	2,832	–	–
– related parties	275	–	–	–
Other payables:				
– third parties	267	49	–	1
– subsidiaries (non-trade)	–	–	2,062	2,937
Accrued operating expenses	2,840	1,232	922	417
	<b>17,459</b>	11,154	<b>3,014</b>	3,375

The non-trade other payables due to related parties and subsidiaries are unsecured, interest-free and payable on demand.

## 23 SHARE CAPITAL

	2015		2014	
	Number of issued shares \$'000	Issued share capital \$'000	Number of issued shares \$'000	Issued share capital \$'000
<b>Group</b>				
At 1 July	117,596	15,867	86,866	9,651
Issuance of ordinary shares	11,800	6,620	30,730	6,761
Issuance of shares pursuant to the acquisition of subsidiaries (note 14)	13,537	7,324	–	–
Share issue expenses	–	(193)	–	(545)
At 30 June	<b>142,933</b>	<b>29,618</b>	117,596	15,867
<b>Company</b>				
At 1 July	117,596	15,867	86,866	9,651
Issuance of ordinary shares	11,800	6,620	30,730	6,761
Issuance of shares pursuant to the acquisition of subsidiaries (note 14)	13,537	7,324	–	–
Share issue expenses	–	(193)	–	(545)
At 30 June	<b>142,933</b>	<b>29,618</b>	117,596	15,867

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 23 SHARE CAPITAL (CONT'D)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

On 6 January 2015, 13,537,464 ordinary shares of no par value were issued at the market price of \$0.541 each and used as part of the purchase consideration for the acquisition of subsidiaries (note 14).

On 2 January 2015, the company issued 2,800,000 ordinary shares of \$0.50 per share for cash to provide fund for the expansion of the Group's operations.

On 15 June 2015, the company issued 9,000,000 ordinary shares of \$0.58 per share for cash to provide fund for the expansion of the Group's operations.

## 24 MERGER RESERVE

Merger reserve represents the differences between the consideration paid and the share capital of subsidiaries acquired.

## 25 CONTINGENT LIABILITIES

As at 30 June 2015, the Company has provided corporate guarantees of \$25,030,000 (2014: \$19,760,000) to banks for bank borrowings of \$2,328,000 (2014: \$4,168,000) taken by its subsidiaries.

Management has determined that the fair value of the financial guarantees provided by the Company is not material and is therefore not recognised in the Company's financial statements. No material losses under the guarantees are expected as management is of the requirements to reimburse are remote.

## 26 DIVIDEND

	COMPANY	
	2015	2014
	\$'000	\$'000
Dividend paid:		
Interim exempt (one-tier) dividend of 1.00 cents (2014: 1.00 cents) per share paid in respect of current financial year	1,176	1,176

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 27 RELATED PARTIES TRANSACTIONS

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

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>With related parties</b>				
<i>Income</i>				
Sales	(188)	(144)	–	–
Rental income	(5)	–	–	–
Administrative income	–	(43)	–	–
<i>Expenses</i>				
Purchases	2,156	2,467	–	–
Sub-contractors' cost	590	349	–	–
Testing fee	217	238	–	–
Sundry expenses	4	35	–	–
<i>Others</i>				
Payment on behalf	657	102	–	–
Receipts on behalf	(15)	(69)	–	–
<b>With subsidiaries</b>				
Financial assistance for purchase of property, plant and equipment	–	–	2,152	396
Payment on behalf	–	–	24	2
Receipts on behalf	–	–	(436)	(245)
<i>Income</i>				
Management fee	–	–	(1,451)	(1,069)
Dividend	–	–	(5,000)	(3,000)
<i>Expenses</i>				
Recharge of expense	–	–	1,857	1,349

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 28 OPERATING LEASE COMMITMENTS

The Group leases various offices, warehouses and staff's accommodation under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and have tenure of more than one year with renewal options.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	<b>1,045</b>	580	–	–
Between two and five years	<b>10</b>	267	–	–
	<b>1,055</b>	847	–	–

Lease terms do not contain restrictions in the Group's activities concerning dividends, additional debt or further leasing.

## 29 FINANCIAL INSTRUMENTS

### a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Financial assets</i>				
<u>Loans and receivables</u>				
Trade and other receivables	<b>25,599</b>	22,794	<b>2,532</b>	507
Cash and bank balances	<b>32,273</b>	17,560	<b>8,667</b>	7,004
	<b>57,872</b>	40,354	<b>11,199</b>	7,511
<u>Held-to-maturity</u>				
Investment securities	<b>400</b>	400	–	–
<i>Financial liabilities</i>				
Trade and other payables	<b>17,148</b>	11,154	<b>3,014</b>	3,375
Finance lease liabilities	<b>1,378</b>	663	–	–
Bank borrowings	<b>2,929</b>	4,168	–	–
At amortised cost	<b>21,455</b>	15,985	<b>3,014</b>	3,375

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 29 FINANCIAL INSTRUMENTS (CONT'D)

### b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

#### *Foreign currency risk*

The Group does not have exposure to foreign currency risk as its transactions are mainly in Singapore dollars.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent on changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for fixed deposits (note 18), finance lease liabilities (note 19) and bank borrowings (note 21). The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates has no significant impact on the Group's profit or loss.

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

The Group's trade receivables comprise 5 debtors (2014: 5 debtors) that represented approximately 67% (2014: 61%) of the trade receivables.

The carrying amounts of the financial assets presented on the statement of financial position represent the Group's maximum exposure to credit risk.

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are substantially corporate customers with good collection track record with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 29 FINANCIAL INSTRUMENTS (CONT'D)

### b) Financial risk management objectives and policies (cont'd)

#### Credit risk (cont'd)

*Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables of the Group:

	GROUP		COMPANY	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not past due and not impaired	16,607	15,548	–	–
Past due but not impaired	7,535	6,543	–	–
Past due and impaired	212	46	–	–
	<b>24,354</b>	22,137	–	–

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	\$'000	\$'000	\$'000	\$'000
Past due < 60 days	4,526	5,646	–	–
Past due 61 to 120 days	2,102	369	–	–
Past due over 121 days	907	528	–	–
	<b>7,535</b>	6,543	–	–

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 29 FINANCIAL INSTRUMENTS (CONT'D)

### b) Financial risk management objectives and policies (cont'd)

#### *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year \$'000	Within 2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>At 30 June 2015</b>				
Trade and other payables	17,148	–	–	17,148
Finance lease liabilities	586	855	109	1,550
Bank borrowings	3,044	–	–	3,044
	20,778	855	109	21,742
<b>At 30 June 2014</b>				
Trade and other payables	11,154	–	–	11,154
Finance lease liabilities	290	431	–	721
Bank borrowings	4,306	–	–	4,306
	15,750	431	–	16,181
<b>Company</b>				
<b>At 30 June 2015</b>				
Trade and other payables	3,014	–	–	3,014
Financial guarantee contracts	2,328	–	–	2,328
	5,342	–	–	5,342
<b>At 30 June 2014</b>				
Trade and other payables	3,375	–	–	3,375
Financial guarantee contracts	4,168	–	–	4,168
	7,543	–	–	7,543

### c) Fair values of financial assets and financial liabilities

*Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of the current financial assets and liabilities recorded in the consolidated financial statements of the Group and the statement of financial position of the Company approximate their respective fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 29 FINANCIAL INSTRUMENTS (CONT'D)

### c) Fair values of financial assets and financial liabilities (cont'd)

#### Assets measured at fair value

##### Fair value hierarchy

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

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

The held-to-maturity structured deposit is classified as Level 3.

The fair value of the held-to-maturity structured deposit is computed based on the effective interest rate for structured deposit as at the reporting date.

There is no movement in Level 3 assets and liabilities measured at fair value during the year.

Description	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Held-to-maturity structured deposit	The fair value is determined considering the expected repayment discounted to present value using effective interest rate for structured deposit as at the reporting date	Interest rate	The estimated fair value would increase if: <ul style="list-style-type: none"> <li>– the interest rate was higher</li> </ul>

## 30 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 30 CAPITAL MANAGEMENT (CONT'D)

The capital of the Group mainly consists of equity holders of the Company comprising share capital, accumulated profits and merger reserve. The Group's overall strategy remains unchanged from 2014.

The Group are in compliance with all externally imposed capital requirements for financial years ended 30 June 2015 and 2014.

## 31 SEGMENT INFORMATION

The Group is organised into business units based on nature of the projects for management purposes. The reportable segments are revenue from Repair and Redecoration ("R&R") and Addition and Alteration ("A&A").

R&R focuses mainly on non-structural construction, improvements and routine maintenance works.

A&A focuses mainly on structural works and infrastructure works.

Others segments focus mainly on interior design, coatings and paintings, leasing services, landscaping works and environment green technology cost.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	R&R		A&A		Others		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Segment revenue - external customer	<b>54,467</b>	48,328	<b>17,403</b>	20,382	<b>9,782</b>	1,142	<b>81,652</b>	69,852
Segment profits	<b>16,109</b>	10,707	<b>2,496</b>	2,525	<b>1,548</b>	267	<b>20,153</b>	13,499
Segment assets	<b>9,789</b>	21,905	<b>9,262</b>	8,979	<b>7,572</b>	667	<b>26,623</b>	31,551
Unallocated assets							<b>49,134</b>	17,809
Total assets							<b>75,757</b>	49,360
Segment liabilities	<b>12,325</b>	10,553	<b>2,864</b>	3,151	<b>678</b>	617	<b>15,867</b>	14,321
Unallocated liabilities							<b>13,507</b>	9,252
Total liabilities							<b>29,374</b>	23,573
<i>Other segments items</i>								
Capital expenditure property, plant and equipment							<b>2,764</b>	1,172
Depreciation of property, plant and equipment							<b>2,502</b>	474

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 31 SEGMENT INFORMATION (CONT'D)

### *Segment results*

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit before tax in the financial statements. Interest income, other income, finance costs, general and administrative expenses and marketing and distribution expenses are not allocated to segments as the Group financing and administrative functions are managed on a group basis.

A reconciliation of segment profits to the profit before tax is as follows:

	2015 \$'000	2014 \$'000
Segment profits	20,153	13,499
Interest income	53	10
Unallocated corporate expenses and income	(10,687)	(6,799)
Profit before tax	9,519	6,710

### *Segment assets*

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment, investment property, goodwill, intangible asset, investment securities, other receivables, dividend receivables from subsidiaries, amounts due from directors and cash and bank balances.

### *Segment liabilities*

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than bank borrowings, trade and other payables, finance lease liabilities, deferred tax liabilities and tax payables are classified as unallocated liabilities.

### *Information about major customers*

Revenue from 5 (2014: 5) of the Group's major customers amounting to \$51,486,000 (2014: \$37,742,000), arising from the R&R and A&A segment.

### *Geographical information*

The Group's revenues from external customers derived solely from customers in Singapore. The non-current assets of the Group are all located in Singapore.

## 30 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors dated 29 September 2015.

# STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2015

## SHARE CAPITAL

Issued and fully paid capital – S\$29,801,091	Class of shares – Ordinary shares
Total number of shares in issue – 142,933,295	Voting rights – 1 vote per share
Number of treasury shares – Nil	

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 37.56% of the issued ordinary shares of the Company were held in the hands of the public as at 21 September 2015 and therefore Rule 723 of the Catalyst Rules is complied with.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 21 SEPTEMBER 2015

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	–	–	–	–
100 – 1,000	18	5.22	13,900	0.01
1,001 – 10,000	132	38.26	854,386	0.60
10,001 – 1,000,000	172	49.85	17,168,712	12.01
1,000,001 AND ABOVE	23	6.67	124,896,297	87.38
<b>TOTAL</b>	<b>345</b>	<b>100.00</b>	<b>142,933,295</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 21 SEPTEMBER 2015

S/N	Name of Shareholder	Shares Held	%
1	ADD INVESTMENT HOLDING PTE LTD	39,977,203	27.97
2	BANK OF SINGAPORE NOMINEES PTE LTD	23,866,000	16.70
3	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	7,948,278	5.56
4	RAFFLES NOMINEES (PTE) LTD	6,822,200	4.77
5	CIMB SECURITIES (SINGAPORE) PTE LTD	5,813,002	4.07
6	HSBC (SINGAPORE) NOMINEES PTE LTD	4,889,000	3.42
7	KOH THONG HUAT	3,841,000	2.69
8	NG CHENG LIAN	3,841,000	2.69
9	CHEN TIN LEOW	3,650,286	2.55
10	TEOH KOK ANN	3,650,286	2.55
11	OCBC SECURITIES PRIVATE LIMITED	2,440,900	1.71
12	LIM KIM HOCK	1,906,000	1.33
13	OR THIAM HUAT	1,906,000	1.33
14	MAYBANK KIM ENG SECURITIES PTE LTD	1,892,400	1.32
15	TING GUAK CHOO	1,800,000	1.26
16	UOB KAY HIAN PTE LTD	1,642,800	1.15
17	CITIBANK NOMINEES SINGAPORE PTE LTD	1,513,800	1.06
18	CHEONG ZHEN WEN (ZHANG ZHENWEN)	1,400,000	0.98
19	WONG CHUN WENG	1,393,542	0.97
20	SINGAPORE TONG TEIK PTE LTD	1,373,500	0.96
	<b>TOTAL</b>	<b>121,567,197</b>	<b>85.04</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2015

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
ADD Investment Holding Pte. Ltd. <sup>(1) (2)</sup>	39,977,203	27.97	20,000,000	13.99
Ng Cheng Lian <sup>(2)</sup>	3,841,000	2.69	59,977,203	41.96
Koh Thong Huat <sup>(2)</sup>	3,841,000	2.69	59,977,203	41.96
Foo Joon Lye <sup>(2) (3)</sup>	–	–	63,818,203	44.65
Nippon Paint (Singapore) Company Private Limited <sup>(4)</sup>	7,948,278	5.56	–	–
Nippon Paint Holdings Co., Ltd. <sup>(4)</sup>	–	–	7,948,278	5.56
Nipsea International Limited <sup>(4)</sup>	–	–	7,948,278	5.56
Nipsea Holdings International Limited <sup>(4)</sup>	–	–	7,948,278	5.56
Wuthelam Holdings Limited <sup>(4)</sup>	–	–	7,948,278	5.56
Thurloe Ltd <sup>(4)</sup>	–	–	7,948,278	5.56
Rainbow Light Ltd <sup>(4)</sup>	–	–	7,948,278	5.56
Epimetheus Ltd <sup>(4)</sup>	–	–	7,948,278	5.56

### Notes:

- (1) ADD Investment Holding Pte. Ltd. is deemed to be interested in 20,000,000 shares in the capital of the Company held by Bank of Singapore Nominees Pte Ltd as its nominee.
- (2) Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye hold the total issued share capital of ADD Investment Holding Pte. Ltd. in equal proportion. As such, each of them is deemed to be interested in all the shares in the capital of the Company held by ADD Investment Holding Pte. Ltd. under Section 7 of the Companies Act, cap.50.
- (3) Foo Joon Lye is deemed to be interested in 3,841,000 shares in the capital of the Company held by Bank of Singapore Nominees Pte Ltd as his nominee.
- (4) Nippon Paint (Singapore) Company Private Limited is 51% owned by Nippon Paint Holdings Co., Ltd. and 49% owned by Nipsea Holdings International Limited. Nippon Paint Holdings Co., Ltd. is 39% owned by Nipsea International Limited. Nipsea International Limited is 100% owned by Nipsea Holdings International Limited which is 100% owned by Wuthelam Holdings Limited. Wuthelam Holdings Limited is 25% owned by Thurloe Ltd and 75% owned by Rainbow Light Ltd. Rainbow Light Ltd is 67% owned by a trust for which Epimetheus Ltd acts as trustee.

# NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD.

(REGISTRATION NUMBER 201230294M)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ISOTeam Ltd. (the "Company") will be held at Empress Ballroom 2, Level 2, Carlton Hotel, 76 Bras Basah Road, Singapore 189558 on Tuesday, 27 October 2015 at 10.00 a.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 30 June 2015 together with the Independent Auditor's Report thereon. **(Resolution 1)**
2. To approve the payment of a final (tax exempt one-tier) dividend of 1.15 cent per ordinary share for the financial year ended 30 June 2015. **(Resolution 2)**
3. To approve the payment of Directors' fees of \$140,700 for the financial year ending 30 June 2016, to be paid quarterly in arrears (2015: \$134,000). **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:  
  
Mr Koh Thong Huat **(Resolution 4)**  
Mr Soh Chun Bin (see explanatory note 1) **(Resolution 5)**
5. To re-appoint Baker Tilly TFW LLP as the auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual ("Catalist Rules"), the Directors be authorised and empowered to:  
  
(a) (i) issue shares in the Company ("Shares") whether by way of rights, bonus or otherwise; and/or  
  
(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and  
  
(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

*(see explanatory note 2)*

7. That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised to grant awards in accordance with the provisions of the ISOTeam Performance Share Plan ("ISOTeam PSP") and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company ("Shares") as may be required to be allotted and issued pursuant to the awards granted under the ISOTeam PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ISOTeam PSP when added to the number of Shares issued and issuable in respect of all awards granted under the ISOTeam PSP, shall not exceed 15% of the total issued share capital of the Company from time to time.

**(Resolution 8)**

*(see explanatory note 3)*

8. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

**Wee Woon Hong**  
**Tan Wei**  
Company Secretaries

9 October 2015  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Mr Soh Chun Bin will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.
2. The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.
3. The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the awards granted under the ISOTeam PSP up to a number not exceeding, in total, 15% of the total issued share capital of the Company from time to time.

## Notes:

- (i) A member of the Company entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote instead of him/her.
- (ii) Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231, not less than 48 hours before the time appointed for holding the above meeting.

## Personal Data Privacy:

"**Personal data**" in this notice of Annual General Meeting has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.



# ISOTEAM LTD.

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)  
(COMPANY REGISTRATION NUMBER 201230294M)

## PROXY FORM

I/We, \_\_\_\_\_ (Name) of

\_\_\_\_\_ (Address)

being a member/members of **ISOTEAM LTD.** (the "Company") hereby appoint the Chairman of the Meeting\* or:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be held at Empress Ballroom 2, Level 2, Carlton Hotel, 76 Bras Basah Road, Singapore 189558 on Tuesday, 27 October 2015 at 10.00 a.m. and at any adjournment thereof.

\* A Member may appoint not more than two proxies to attend and vote at the same Meeting. If you wish to appoint some person other than the Chairman of the Meeting to be your proxy, please delete the words "Chairman of the Meeting".

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions relating to:	For	Against
	<b>Ordinary Business:</b>		
1.	To adopt the Directors' and Independent Auditor's Reports and Audited Financial Statements		
2.	To approve the payment of a final dividend of 1.15 cent per ordinary share		
3.	To approve the payment of Directors' fees of \$140,700 for the financial year ending 30 June 2016, to be paid quarterly in arrears		
4.	To re-elect Mr Koh Thong Huat as a Director		
5.	To re-elect Mr Soh Chun Bin as a Director		
6.	To re-appoint Baker Tilly TFW LLP as the auditor and to authorise the Directors to fix their remuneration		
	<b>Special Business:</b>		
7.	To authorise the Directors to allot and issue shares and convertible securities		
8.	To authorise the Directors to grant awards and to allot and issue shares in accordance with the provisions of the ISOTeam Performance Share Plan		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total Number of Shares held

\_\_\_\_\_  
Signature(s) of Shareholder(s)/or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

### Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231, not less than 48 hours before the time appointed for the meeting.
4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of Annual General Meeting dated 9 October 2015.



**ISOTEAM LTD.**

No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231  
T: +65 6747 0220 F: +65 6747 0110 W: [www.isoteam.sg](http://www.isoteam.sg)