ISOTEAM

FORTIFYING OUR POSITION

ISOTEAM LTD. ANNUAL REPORT 2017

OUR VALUES

PEOPLE DEVELOPMENT

We offer fulfilling career prospects and develop an individual's potential to build a highly committed and competent team that possesses integrity and adaptability.

PERFORMANCE AND ACCOUNTABILITY

We take ownership and initiative to achieve expected key performance indicators through continual learning and upgrading of our knowledge and skills.

CUSTOMER FOCUS

We offer high quality products and services with innovative and sustainable solutions to satisfy and exceed our customers' expectations.

RELATIONSHIP AND BONDING

We value and engage all stakeholders with trust, respect and care to achieve long term win-win situations.

TEAMWORK

We practise effective and open communication and seek co-operation and collaboration among stakeholders to achieve our desired goals.

OUR VISION

TO BE THE BEST AND PREFERRED PARTNER FOR COMPLETE SOLUTIONS IN THE BUILT ENVIRONMENT

OUR MISSION

TO DELIVER EXCELLENT QUALITY, COST EFFICIENT, PROFESSIONAL SERVICES TO ACHIEVE TOTAL CUSTOMER SATISFACTION

CONTENTS

CORPORATE PROFILE

Founded in 1998 and listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (Ticker: 5WF) on 12 July 2013, ISOTeam Ltd. is an established player in Singapore's building maintenance and estate upgrading industry with over 19 years of Repairs & Redecoration ("**R&R**") and Addition & Alteration ("**A&A**") experience.

We have successfully undertaken 399 refurbishment and upgrading projects for close to 4,000 buildings since inception. ISOTeam also offers specialist Coating & Painting ("**C&P**") services as well as complementary niche services ("**Others**") through its specialist waterproofing, commercial interior design and home retrofitting ("**ID**"), landscaping, access leasing, green solutions and mechanical and electrical works ("**M&E**") subsidiaries. An eco-conscious company, we integrate green methodologies in our projects, and actively work with strategic partners and technology companies to develop and commercialise green solutions / products.

Our reputation for quality, speed and safety, together with a winning edge in eco-conscious innovations, has won the trust and confidence of our customers, allowing us to repeatedly secure tenders over the years.

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 Singapore and SKK Singapore for the public housing sector, and for SKK for Jurong Town Corporation ("**JTC**") and Housing & Development Board ("**HDB**") industrial projects and army camps.

For more information, please visit **www.isoteam.com.sg**.

OUR BUSINESS

COMPLETE SOLUTIONS FOR THE BUILT ENVIRONMENT

With our comprehensive and multi-disciplinary capabilities, ISOTeam is well-positioned to cater to requirements in Singapore's built environment.

R&R

- Repainting, repairs and redecoration
- Waterproofing and reroofing
- Improvement works
- Routine maintenance
- Term contract works

A&A

- Neighbourhood Renewal Programme ("**NRP**")
- Hawker Centres Upgrading Programme ("**HUP**")
- Estate Upgrading Programme ("**EUP**")
- Home Improvement Programme ("**HIP**")
- Electrical Load Upgrading ("**ELU**")

C&P

- New build painting
- Eco-friendly coating
- Architectural and protective coating
- Fireproofing coating
- Niche industrial coating

ARCHITECTURAL AND ENGINEERING SOLUTIONS

- Commercial A&A works
- Building services
- Engineering works
- Architectural and commercial interior construction solutions
- Advanced building technologies

ID

- Interior design and fitting-out
- Design and build works
- Home retrofit and fit-out services
- Property maintenance and enhancement

ECO-FRIENDLY SOLUTIONS

- Thermal insulating plaster
- Anti-slip floor coating
- Green label intumescent fireproofing coating
- Composite timber decking
- Renewable energy installation
- Cockroaches and Odour Remover ("**CnO**")

HEIGHT ACCESS EQUIPMENT

- Leasing of boom lifts, scissor lifts, personnel lifts, forklifts and telehandlers

LANDSCAPING

- Vertical gardens
- Horticulture services and maintenance
- Floating plantings
- Niche landscaping services

DIGITAL HANDYMAN SERVICES

- Home care and upgrading
- General repairs and maintenance

M&E

- Electrical and mechanical ventilation works
- Air conditioning works
- Sanitary and plumbing services

BIKE SHARING

- An environmentally sustainable bike sharing scheme using virtual docking stations to curb indiscriminate parking (Mobile app: UME-SG / www.sgbike.com.sg)

CORPORATE STRUCTURE

(as at 31 August 2017)

ISOTEAM

RAYMOND CONSTRUCTION

100%
- A&A

ISOTEAM CORPORATION

100%
- A&A
- R&R

TMS ALLIANCES

100%
- R&R
- ISOHomecare digital handyman services

ISOTEAM GREEN SOLUTIONS

100%
- Eco-friendly solutions/products

ISOSEAL WATERPROOFING

100%
- Reroofing
- Waterproofing

ZARA @ISOTEAM

51%
- Interior fitting-out works

ISOTEAM ACCESS

100%
- Rental/sale of height access equipment

ISOTEAM C&P

100%
- Specialised coating & painting

ISO LANDSCAPE

100%
- Niche landscaping
- Horticultural services

INDUSTRIAL CONTRACTS MARKETING

100%
- Fireproofing coating
- Floor-coating application
- Specialist new build painting

ISOTEAM TMG

100%
- Specialist A&A
- Architectural and commercial interior design

ISO INTEGRATED M&E

100%
- Electrical and mechanical ventilation works
- Air conditioning works
- Plumbing works

ISOTEAM TMS MYANMAR

90%
- R&R in Myanmar

ITG PROJECTS SDN BHD

55%
- Interior design works in Malaysia

SG Bike

51%
- Singapore's first locally established bike sharing company

ENHANCING OUR VALUE

MULTI-DISCIPLINARY CAPABILITIES TO PROVIDE COMPLETE SOLUTIONS FOR THE BUILT ENVIRONMENT

Since our IPO in 2013, ISOTeam has grown from three core businesses to 10 today, which means that we are able to offer our private and public sector customers more value than ever before with our complete suite of building and estate maintenance and upgrading services.

A&A SEGMENT:

CLINCHED

OUR FIRST HOME IMPROVEMENT PROGRAMME PROJECT WORTH

$17.5M

IN FY2017

STRENGTHENING OUR CAPABILITIES

POSITIONING OURSELVES FOR FUTURE GROWTH

We have strengthened our skillset with a new complementary capability in mechanical and electrical engineering through our acquisition of ISO-Integrated M&E Pte Ltd. This has enabled us to expand our services to include air conditioning, electrical and mechanical ventilation works, as well as sanitary and plumbing services.

CONTINUED TO ENJOY
HEALTHY EXPANSION
OF OUR A&A AND C&P SEGMENTS, WHICH GREW

33% AND 22%

YEAR-ON-YEAR RESPECTIVELY IN FY2017

DIVERSIFYING OUR EXPERTISE

MOVING MORE DYNAMICALLY INTO NEW SEGMENTS

We solidified our intention to move more aggressively into the renewable energy installation market by investing $5.0 million in Sunseap Group Pte. Ltd. in May 2017, giving us a stake in it alongside Shell Technology Ventures B.V. and Banpu Public Company Limited, an energy company listed in Thailand, which had invested $75 million.

OTHERS SEGMENT:

WON OUR SINGLE-LARGEST

RENEWABLE ENERGY INSTALLATION JOB WORTH

$6.3M

IN FY2017

EXPANDING OUR HORIZONS

EXPORTING OUR RANGE OF SERVICES TO CAPITALISE ON THE GROWTH OF EMERGING MARKETS

We have expanded our geographic footprint and exported some of our capabilities to the region through our subsidiaries in Myanmar and Malaysia, which have commenced their operations in painting and interior design services respectively.

SECURED FIRST INTERIOR DESIGN PROJECT IN MALAYSIA FOR A RESIDENTIAL DEVELOPMENT

AND

FIRST PAINTING JOB IN MYANMAR FOR A STAFF HOUSING PROJECT IN FY2017

CERTIFICATIONS & ACCOLADES

ACCREDITATIONS

ISO 14001:2004[(1)]

bizSAFE Level Star

bizSAFE Level 3

OHSAS 18001:2007[(1)]

ISO 9001:2008[(2)]

OHSAS 18001:2007[(2)]

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

(2) For general building construction.

ACCOLADES

One Asia Awards 2015 – Distinguished Award
(Overall Winner)
(awarded to CEO)

2011 Successful Entrepreneur
(awarded to founders)

BCA Green Mark Certification
(Head Office)

Singapore Green Building Council
(Member)

BCA Green and Gracious Builder Award
(Excellent)

Singapore Health Award
(Silver)

BCA LICENSES

General Building (CW01)
Grade B1 (≤$40 million)

Repairs and Redecoration (CR09)
Grade L5 (≤$13 million)

Housekeeping, Cleansing, Desilting and Conservancy Service (MW02)
Grade L1 (≤$0.65 million)

Landscaping (MW03)
Grade L3 (≤$4 million)

Interior Decoration and Finishing Works (CR06)
Grade L5 (≤$13 million)

Waterproofing Installation (CR13)
Grade L3 (≤$4 million)

General Builder
Class 1

FINANCIAL ACHIEVEMENTS

FY2017 HOLDING STEADY IN CHALLENGING TIMES

NET ATTRIBUTABLE PROFIT OF

$6.4 million

DIVIDEND PAYOUT OF

28.6%

GROWTH IN A&A AND C&P OF

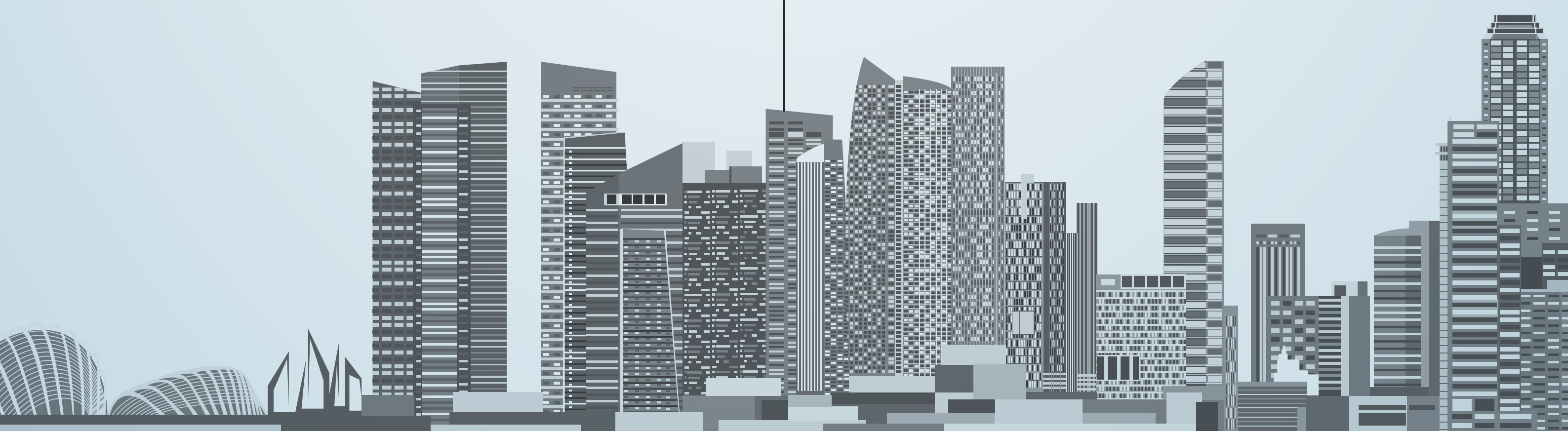
33% and 22% respectively

REVENUE OF

$82.9 million

STRONG ORDER BOOK OF

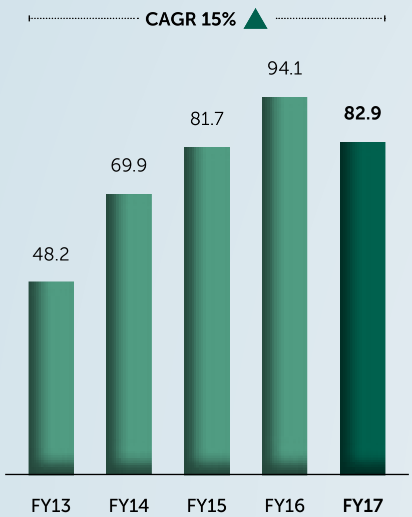
$95.8 million



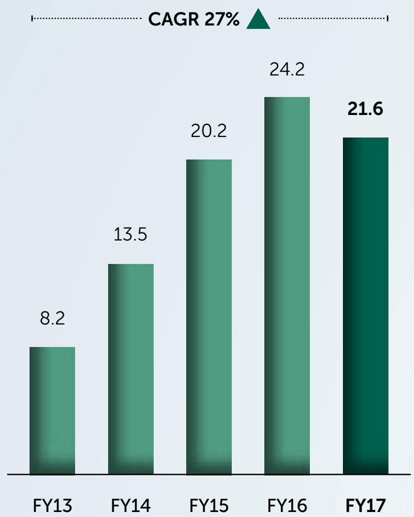
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE

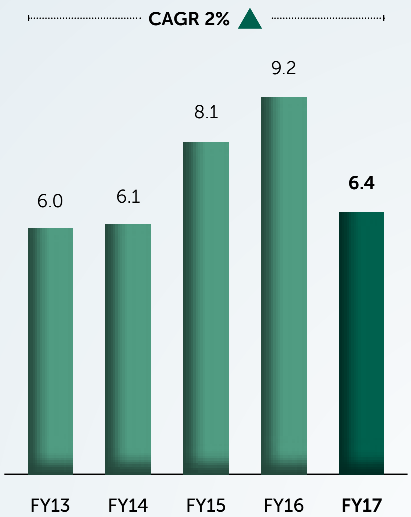
REVENUE ($M)



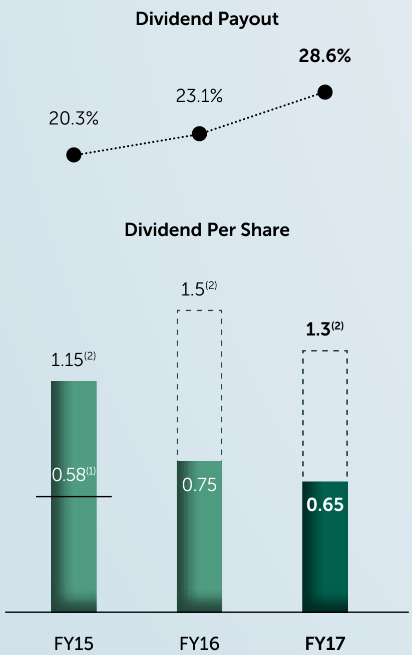
GROSS PROFIT ($M)



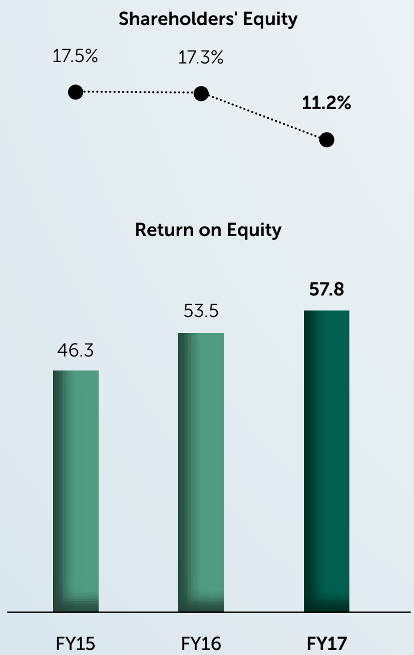
NET ATTRIBUTABLE PROFIT ($M)



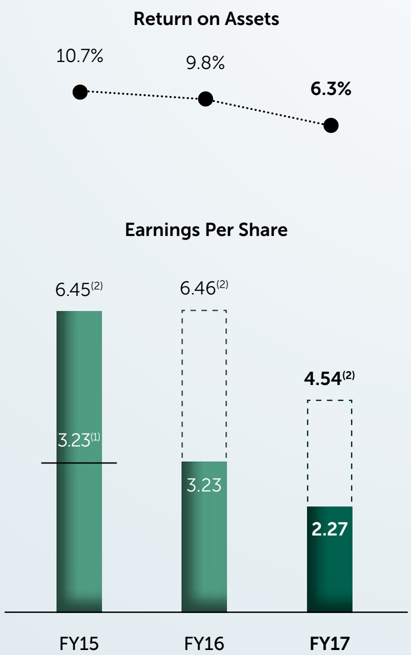
DIVIDEND PER SHARE (¢) & DIVIDEND PAYOUT (%)



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



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

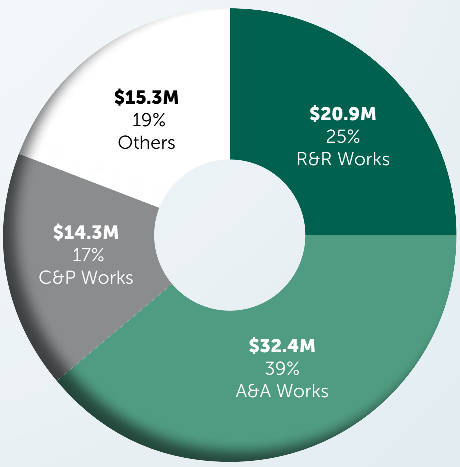


(1) Dividend per share and earnings per share have been adjusted retrospectively following the bonus share issue in FY2016.

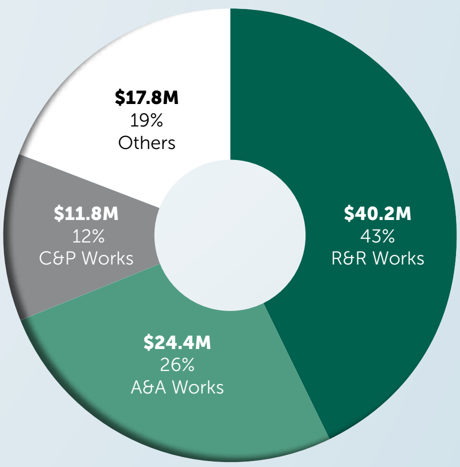
(2) For comparison, dividend per share and earnings per share are computed without adjusting for bonus shares issue in FY2016.

PROFIT MARGINS (%)

FY2017 REVENUE BY SEGMENT (%)



FY2016 REVENUE BY SEGMENT (%)



JOINT CHAIRMAN AND CEO MESSAGE

DEAR SHAREHOLDERS

The Group returned a creditable set of results in the financial year ended 30 June 2017 ("**FY2017**"). Although our overall net attributable profit decreased $2.9 million to $6.7 million on a revenue of $82.9 million, our gross profit margin rose 0.4% to 26.1% due to the continued healthy expansion of our A&A and C&P segments, which collectively grew 29.2% year-on-year ("**yoy**").

Our FY2017 performance was affected largely by a decline in the number of R&R projects from the Housing & Development Board ("**HDB**") and exceptional charge comprising amortisation of intangible assets and a one-off allowance for doubtful receivables, which was mainly due to a customer under receivership.

Despite above, FY2017 was a very eventful one for ISOTeam as we made timely moves to position and to fortify ourselves for the future. During the year, we had also achieved many successful breakthroughs in new market segments that we believe will enable us to capture long-term growth and opportunities.

NEW MILESTONES

There were three events in FY2017 that really stood out for us. One was securing our very first Home Improvement Programme ("**HIP**") from the HDB worth $17.5 million, which we announced in January 2017. We had long spoken about our desire to break into this new untapped segment, where only the most trusted contractors are invited to tender for projects. In the past, our attempts were partially hampered by our lack of experience in handling HIP projects. Now that we have clinched one, we will work hard to do it well so as to build up our track record to clinch more HIP tenders in the future.

We also feel very optimistic about other opportunities that this HIP contract potentially offers. One of them being that many of the 2,000 homeowners within the estate may take the opportunity to renovate or repaint their flats while the HIP project is going on. This is where we can offer our home maintenance and interior design ("**ID**") services to help them spruce up their homes.

The second event was securing our largest renewal energy installation project to-date worth $6.3 million, which we announced in January 2017. This project was awarded by Sunseap Group Pte. Ltd. ("**Sunseap**") and involved installation work for grid-tied solar photovoltaic system to 150 blocks. Subsequently in May 2017, we invested $5.0 million in Sunseap, giving us a stake in it alongside Shell Technology Ventures B.V. and Banpu

"INTERNALLY, HAVING EXPANDED OUR CAPABILITIES SO EXTENSIVELY SINCE IPO, WE BELIEVE THAT INTEGRATION AND CONSOLIDATION OF OUR BACK END OPERATIONS IS ON THE CARDS TO REDUCE COST AND IMPROVE EFFICIENCY.

WE ARE ALSO PLANNING TO CENTRALISE OUR VARIOUS DEPARTMENTS AND FUNCTIONS AT THE CORPORATE OFFICE ONCE WE MOVE INTO OUR NEW HEADQUARTERS IN CHANGI."

DAVID NG CHENG LIAN

ANTHONY KOH THONG HUAT

JOINT CHAIRMAN AND CEO MESSAGE

Public Company Limited, an energy company listed in Thailand that made an $75 million investment in Sunseap in September 2017. Our investment in Sunseap also came with an agreement that upon completion of the intended transaction, the Group would be engaged on certain government projects including installation works for potentially more blocks of HDB flats, should such contracts be secured by Sunseap. Both parties had further agreed that these projects will be undertaken by ISOTeam. Given these developments, we look forward to a sunny future for ISOTeam in this segment.

Thirdly, in FY2017, we once again expanded our services portfolio to include mechanical and electrical ("**M&E**") engineering when we completed the acquisition of ISO-Integrated M&E Pte Ltd (formerly known as Rong Shun Engineering & Construction Pte Ltd). This addition to our Group brings the total number of services we offer to 10, from just three at the point of our IPO. With this acquisition, the Group now offers a full suite of engineering services and solutions such as air conditioning works, electrical and mechanical ventilation works as well as sanitary and plumbing services, which complement the Group's existing capabilities in A&A, upgrading and renewable energy installation.

Other smaller but equally exciting developments during the financial year included a new mobile application for our home maintenance arm, ISOHomeCare, to make it more convenient for homeowners to engage our services for their home maintenance needs. Our subsidiary in Myanmar also secured its first painting project in Yangon shortly after commencing operations in July 2016. As this is our maiden overseas venture, we are very excited and optimistic that the subsidiary will be able to secure more projects to gradually establish a reputable track record akin to what ISOTeam enjoys in Singapore.

DIVIDENDS

To wrap up the year, it is the Board's pleasure to propose a final tax-exempt, one-tier dividend of 0.65 Singapore cents per ordinary share for FY2017 representing a dividend payout ratio of 28.6% of net attributable profit.

FUTURE PROSPECTS

In Singapore, ISOTeam will continue to ride on government initiatives to improve our market share in our core A&A and R&R businesses. Besides HIP tenders, we also expect larger Neighbourhood Renewal Programme ("**NRP**") projects to be put up for tender soon.

The Group is also keen to secure projects from untapped customers such as the Ministry of Health ("**MOH**"), the Ministry of Education ("**MOE**"), JTC and army camps. In FY2017, we achieved a small measure of success when we secured one R&R project each from MOH and MOE and we are optimistic that we will be able to win more contracts from these two ministries. In the meantime, we are currently participating in 12 army camp tender exercises of which we are hopeful of landing a few.

In August 2017, we launched a new bike sharing business with our joint venture partners. SG Bike is now available in Bukit Panjang, Sembawang and Nee Soon Town Councils but we have plans to roll it out in other Town Councils like Jurong and Marine Parade very soon. To differentiate ourselves, SG Bike uses a combination of Geostation technology and Global Positioning System ("**GPS**") that addresses the issue of indiscriminate parking that currently plague other bike sharing companies and raised the ire of Singaporeans.

It may seem baffling to some at first but this business is very much in line with the Group's corporate mandate to offer environmentally green products and services to the built environment. We hope to turn bike sharing into a real business proposition as the government promotes bike sharing usage via integration with public transportation, thus improving the 'first and last mile' of travel for commuters. SG Bike will leverage ISOTeam's existing resources and the support of government agencies such as the Land Transport Authority, HDB, Town Councils and the National Parks Board that are pushing for this environmentally cleaner mode of transport.

Other developments in Singapore include the launch of our organic eco-product Cockroaches & Odour Remover ("**CnO**"). The product had already been tested at Tampines Town Council with positive results.

We are in the process of registration with National Environment Agency as a vector control product. Many pest control and conservancy / facilities maintenance companies are looking to use this environmentally friendly and safe product as they seek to revolutionise the pest control industry.

Other potential partnerships we are exploring include energy management projects whereby we will assist building owners to achieve the Green Mark Certification by helping them to improve the energy efficiency of their buildings.

We have created value for shareholders with these new milestones and are well-poised to create more value in the coming years. We are generally optimistic about our future prospects. At the same time, we will continue to look for potential acquisition targets and partnerships to broaden our capabilities. We are not in a rush to do so but will wait for the right time when suitable opportunities arise. We are also exploring the possibility of exporting our other skillsets and expertise to markets such as Myanmar and Malaysia.

CENTRALISATION OF OPERATIONS

Internally, having expanded our capabilities so extensively since IPO, we believe that integration and consolidation of our back end operations is on the cards to optimise cost and improve efficiency. As such, we will be streamlining some of our subsidiaries. For a start, ITG-Green Technologies has been renamed ISOTeam Green Solutions to focus on sustainable solutions such as CnO. We plan to merge ISO-Seal Waterproofing into Raymond Construction as both are in the waterproofing business. Industrial Contracts Marketing will be merged with ISOTeam C&P as both are in the coating and painting business.

We are also planning to centralise our various departments and functions at the corporate office once we move into our new headquarters in Changi in the fourth quarter of 2017. Currently under renovation, the gross floor area of our HQ will be upped to 5,421 square metres after completion, giving us ample room to house the ISOTeam family under one roof and for future growth.

APPRECIATION

In closing, we would like to warmly welcome the newest members of our ISOTeam family, including those from SG Bike and ISO-Integrated M&E.

Our deepest appreciation to our growing workforce whose commitment and dedication has enabled the Group to maintain its track record for on-time delivery and quality over the years.

On behalf of the Board, we would like to thank our shareholders, long-time business partners and customers for their unwavering support and confidence in us, even though we are just a small company. You have kept us humble and motivated to keep delivering quality outcomes in everything we do. We also wish to acknowledge the good counsel and guidance from fellow directors as well as the management and staff for their hard work and invaluable contributions. We look forward to a successful 2018.

DAVID NG CHENG LIAN
EXECUTIVE CHAIRMAN

ANTHONY KOH THONG HUAT
CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS

1. DAVID NG CHENG LIAN
Executive Chairman

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 27 Oct 2014

With over 35 years of experience in the building refurbishment 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.

2. ANTHONY KOH THONG HUAT
Executive Director and Chief Executive Officer

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 27 Oct 2015

One of the co-founders of the Group, Mr Koh has close to 30 years of experience in the building refurbishment 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.

3. DANNY FOO JOON LYE
Executive Director

Date of First Appointment: 12 Dec 2012
Date of Last Re-election: 25 Oct 2016

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 refurbishment 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, ISOTeam Green Solutions. 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 subcontractors 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.

4. TAN ENG ANN

Lead Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 27 Oct 2014

Mr Tan is the Lead Independent Director and Chairman of the Audit Committee of the Group. He was formerly the executive director and the chief financial officer of SGX-ST Mainboard listed R H Energy Ltd. (now known as CWG International Ltd.) which he joined in 2006. He has over 20 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 a director at HKSE-GEM listed Singasia Holdings Limited.

5. SOH CHUN BIN

Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 27 Oct 2015

Mr Soh is an Independent Director and Chairman of the Remuneration Committee of the Group. He has more than 16 years of experience in the legal and corporate finance sectors and specialises in capital markets and mergers and acquisitions. He is currently the Head, Corporate Commercial Practice Group of Fortis Law Corporation. Mr Soh began his career as a corporate lawyer and was one of the pioneering lawyers at Stamford Law (now known as Morgan Lewis Stamford) during its inception in the early 2000s. He became one of the youngest equity partners at Stamford Law, prior to leaving legal practice in May 2012 to head up various companies (including listed companies) as the chief executive, before resuming legal practice in February 2017. Mr Soh had advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fund-raising, including secondary listings. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw. Mr Soh graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999. He currently holds directorships at two SGX-ST Mainboard listed companies, Geo Energy Resources Limited and Triyards Holdings Limited.

6. NG KHENG CHOO

Independent Director

Date of First Appointment: 7 Jun 2013
Date of Last Re-election: 25 Oct 2016

Ms Ng was appointed to the Board on 7 June 2013 and is Chairperson of the Nominating Committee of the Group. Ms Ng has deep-rooted expertise and track record on mergers and acquisitions, investments, portfolio management, financing and accounting matters. She was the chief financial officer of SingHaiyi Group Ltd ("**SHG**") since July 2013 and became the group chief operating officer of SHG overseeing the overall business operations and strategic development for the period from July 2014 to September 2016. Previously, Ms Ng was the 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 Technological University and is a member of the Institute of Singapore Chartered Accountants. Ms Ng is currently also the Non-Executive Director of SGX-ST Mainboard listed OKH Global Ltd.

EXECUTIVE OFFICERS

Standing from left ***Or Thiam Huat | Chan Chung Khang***
Seated from left ***Lim Kim Hock | Lwin Lwin Aung | Teng Ann Boon***

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 subcontractors; and a site supervisor with Ng Hai Liong Construction Pte Ltd from 1992 to 1993 supervising workers and coordinating subcontractors. 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; the administration of its key performance indicators whilst monitoring and managing its overheads. He is also in charge of corporate and investor relations, as well as 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.

TENG ANN BOON
Chief Strategy Officer (CSO) and CEO (SG Bike)

Mr Teng became the Group's Chief Strategy Officer on 16 August 2016 and is responsible for strategic planning, business and corporate development as well as evaluating and executing the Group's investments and acquisitions plans. Since August 2017, he also became the CEO of the Group's 51%-owned subsidiary, SG Bike Pte. Ltd., Singapore's first locally established bike sharing company. Prior to his appointment to CSO, he was the General Manager of the Group's subsidiary, ISOTeam TMG Pte Ltd. Before joining ISOTeam, Mr Teng worked as an estate officer with the HDB from 1989 to 1990 and as a Town Council General Manager for more than 20 years where he was responsible for the implementation of many maintenance and upgrading projects. He was a member of Singapore Landscape Industry Council, the Sectoral Tripartite Committee for Manpower Plan for Landscaping and Conservancy in 2013 and the Association of Property and Facility Managers since 1998. He graduated from National University of Singapore in 1986 with a Bachelor Degree of Civil Engineering with Honours. Mr Teng also holds a Master Degree in Business Administration from Nanyang Technological University.

LWIN LWIN AUNG
Chief Financial Officer (CFO)

Ms Lwin joined ISOTeam as finance manager in November 2012 and has been CFO since November 2015. With her experience in the accounting and financial fields, Ms Lwin is overall in charge of the Group's financial affairs including compliance with SGX rules and financial reporting standards, financial planning and reporting, internal control and risk management, fund management, investor relations and merger & acquisition processes. Prior to ISOTeam, she was with Hong Hua Group Pte Ltd from 2011 to 2012 and with Yongnam Holdings Limited from 2007 to 2011. Previously, she founded an accountancy school that provided financial and accounting courses administered by the Association of Chartered Certified Accountants (ACCA) (UK) in Myanmar. Ms Lwin holds a professional degree from ACCA (UK) and she is also a member of the Institute of Singapore Chartered Accountants.

BUSINESS DIVISION HEADS

From left to right ***Gerald Peck Hoe Tat | Anders Teoh Kok Ann | Sam Chen | Chua Hoi Tek | Cleon Lim Qin Kai Jason Lim Chiew Hoe | Dennis Chin Wai Tuck***

CHUA HOI TEK

Managing Director (ISO-Landscape)

Mr Chua heads the Group's landscaping business unit ("**BU**"), ISO-Landscape, a company formerly known as Rong Shun Landscape & Construction Pte. Ltd., and M&E BU, ISO Integrated M&E, formerly known as Rong Shun Engineering & Construction Pte Ltd. He founded both companies almost 10 years ago. Prior to setting up these companies, Mr Chua spent 22 years at a multinational corporation, 17 years of which were in senior managerial roles.

Mr Chua graduated with a Bachelor of Engineering (Mechanical and Production Engineering) from Nanyang Technology Institute (now known as the Nanyang Technological University) in 1986.

ANDERS TEOH KOK ANN

Managing Director (ISOTeam C&P)

Mr Teoh joined the Group's specialised coating and painting subsidiary, ISOTeam 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 ISOTeam C&P over the course of his career. These included R&R work for HDB blocks for the various Town Councils; public buildings such as churches, schools, community centres and libraries; 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 Ngee Ann Polytechnic.

SAM CHEN
Operations Director
(ISOTeam Access)

Mr Chen joined the Group's access provision subsidiary, ISOTeam Access, in 2007 and worked his way up the ranks to his current position. Backed by 25 years of experience in the building refurbishment 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
Projects Director
(Zara@ISOTeam)

Mr Chin joined the Group as the Projects Director of its interior design and fitting-out unit, Zara@ISOTeam 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 fitting-out jobs undertaken by Zara@ISOTeam. 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.

CLEON LIM QIN KAI
Projects 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 has spearheaded ISO-Seal since 2014, and is responsible for the end-to-end management of its 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).

JASON LIM CHIEW HOE
Director
(ISOTeam TMG)

Mr Lim joined the Group's A&A, architectural and interior fitting-out for hospitality, industrial, commercial and retail specialist unit, ISOTeam TMG, in December 2015. With more than 30 years of experience in the interior construction industry, he played an instrumental role in growing the business during its early days into that of an award-winning architectural and interior construction company today. He oversees the key aspects of the unit's operations including tenders, management and review of project costs and budget, key materials procurement and the award of contracts to subcontractors. In addition, he also assists in the implementation of workflow and work processes in accordance to the latest market trends, and is responsible for the unit's business development as well. He holds a certificate in Construction Regulations and Management for Licensed Builders.

GERALD PECK HOE TAT
Operations Manager
(ISOHomeCare)

Mr Peck joined the Group's R&R business in 2011 and currently manages ISOHomeCare, the Group's digital handyman services. With more than six years of experience in project coordination and supervision within the industry, he manages the day-to-day operations at ISOHomeCare including providing expert consultation and ensuring the seamless delivery of its services such as home painting, plumbing, electrical wiring and installation and other general repair works for HDB flats, condominiums, landed properties and offices. In addition, he is tasked with building new partnerships, expanding its web and mobile footprint and managing human resource matters. Mr Peck graduated with a Bachelor of Science in Building and Project Management from SIM University in 2014.

OPERATING AND FINANCIAL REVIEW

1.

2.

3.

4.

5.

6.

1. *Tiong Bahru Food Centre*
2. *Tiong Bahru Market*
3. *Tiong Bahru Food Centre*
4. *Jurong West Street 42 MSCP rooftop*
5. *RWS Hard Rock Cafe*
6. *SG Bike*

OPERATING REVIEW

R&R

In FY2017, we completed 13 R&R projects for 132 HDB blocks compared to 16 projects and 211 HDB blocks in FY2016. To be noted, some of our R&R jobs were categorised under our A&A division as part of the large scale NRP projects we have secured that also required repainting and repair works. Of the 13 completed projects, there were three food centres and two markets under the HUP scheme in FY2017 including the setting up of a temporary market at Jurong West Street 41 which we completed within six weeks. This has brought the total number of HUP projects completed by the Group to 36 to-date. In addition, we also completed a contract from HDB for improvement works to several multi-storey carparks ("**MSCP**") across Singapore that was worth approximately $11.9 million among other R&R works for institutional, religious and commercial buildings. See Table 1.

Table 1:

No.	Completed R&R Projects	Blks (No.)	Building Type
1.	Improvement work to multi-storey carparks	-	Public sector
2.	HDB blocks at Compassvale Walk	26	Public residential
3.	HDB blocks at Edgefield Walk / Punggol Drive / Punggol Central	28	Public residential
4.	Newton Food Centre and Golden Mile Food Centre	-	Public commercial
5.	HDB blocks at Bukit Merah Lane 1, Stirling Road and Queen's Close	30	Public residential
6.	National University of Singapore - Bukit Timah Campus	-	Institution
7.	HDB blocks at Tampines Street 43 and 44	13	Public residential
8.	HDB blocks at Montreal Drive in Sembawang Division	7	Public residential
9.	Temporary market at Jurong West Street 41	-	Public commercial
10.	HDB blocks at Whampoa Division	28	Public residential
11.	Market / food centre at Blk 347 Jurong East	-	Public commercial
12.	The Salvation Army at Upper Bukit Timah Road	-	Institution
13.	Petrol stations at Tampines Ave 9, East Coast Road and Jurong West Ave 1	-	Commercial
Total		**132**	**-**

Block 72 Redhill Road


National University of Singapore

OPERATING AND FINANCIAL REVIEW

As at 30 June 2017, we have 13 ongoing R&R projects worth around $27.3 million that we expect to complete between now and August 2018. Apart from the usual public sector R&R jobs, we are working on a few milestone projects. They include R&R works for our first monuments building project - the College of Medicine at the Singapore General Hospital, and for our largest Management Corporation Strata Title ("**MCST**") contract to-date - Dairy Farm Estate. See Table 2.

Table 2:

No.	Ongoing R&R Projects	Blks (No.)	Building Type
1.	College of Medicine at Singapore General Hospital	-	Institution
2.	HDB blocks at Punggol Central and Edgedale Plains	21	Public residential
3.	St. James' Church	-	Institution
4.	Mimosa Park	-	Residential
5.	Tiong Bahru Market & Food Centre	-	Public commercial
6.	Tekka Centre at Buffalo Road	-	Public commercial
7.	HDB block at Bukit Merah View	1	Public residential
8.	Dairy Farm Estate	-	Residential
9.	The Supreme Court Building	-	Institution
10.	Building tradesmen and repair works at East Zone	-	Public sector
11.	Building tradesmen and repair works at West Zone	-	Public sector
12.	HDB blocks at Petir / Gangsa / Lompang / Ghim Moh Road and Petir Park	27	Public residential
13.	Improvement work to multiple storey carpark (Zone 2)	-	Public sector
Total		**49**	**-**

A&A

We completed nine A&A projects in FY2017 compared to 11 projects in FY2016. Though we delivered fewer projects in FY2017, the value of those jobs were higher, resulting in improved A&A revenue for us. Of the nine completed projects, seven were by ISOTeam TMG for buildings in the private sector, which underlines the penetration we have achieved in this segment. Notable projects in FY2017 included Hard Rock Hotel at Resorts World Sentosa, Starz Restaurant at Hard Rock Hotel and The Bird Restaurant at Marina Bay Sands among others. See Table 3.

Table 3:

No.	Completed A&A Projects	Building Type
1.	Shop unit at Bayfront Avenue	Commercial
2.	Hard Rock Hotel at Resorts World Sentosa	Commercial
3.	Market / food centre at Jurong East Ave 1 and Ang Mo Kio Ave 10	Public commercial
4.	Starz Restaurant at Hard Rock Hotel	Commercial
5.	Cairnhill Rise (two units)	Residential
6.	Wearnes car delivery centre at Pesawat	Commercial
7.	The Bird Restaurant at Marina Bay Sands	Commercial
8.	Office unit at High Street	Commercial
9.	Living Waters Methodist Church	Institution

We have 16 ongoing A&A projects amounting to approximately $116.8 million as at 30 June 2017 which we expect to complete between now and May 2019. One of them is the Aloha Changi Resort, our single largest A&A project of around $14.0 million, which is due to be delivered in September 2017. Among the 16 projects in our pipeline, 12 of them, covering 240 blocks, relate to upgrading and renewal of public housing estates. This includes our first and largest HIP project for 19 blocks at Yishun Ring Road and Tampines Street 22 which is worth $17.5 million and is expected to complete in August 2018. See Table 4.

Table 4:

No.	Ongoing A&A Projects	Blks (No.)	Building Type	
1.	Aloha Changi Resort	-	Commercial	-
2.	Bukit Batok West Avenue 4 and 7	15	Public residential & commercial	NRP
3.	Hougang Avenue 8 and 10	24	Public residential & commercial	NRP
4.	Jurong West Street 91	20	Public residential & commercial	NRP
5.	Kim Keat Avenue / Link	19	Public residential & commercial	NRP
6.	Northpoint Shopping Centre	-	Commercial	-
7.	2-storey detached house at Bukit Timah Planning Area	-	Residential	-
8.	Yishun Street 11	12	Public residential & commercial	NRP
9.	Hougang Street 51 and 52 at Avenue 8	33	Public residential & commercial	NRP
10.	Tampines Street 21 and Tampines Central 1	27	Public residential & commercial	NRP
11.	Serangoon Avenue 3 & Central Drive in Braddell Heights Division	13	Public residential & commercial	NRP
12.	Jurong East Street 24	8	Public residential & commercial	NRP
13.	3-storey detached house at Watten Estate Road	-	Residential	-
14.	Yishun Street 61 and Yishun Ring Road	18	Public residential & commercial	NRP
15.	Yishun Ring Road and Tampines Street 22	19	Public residential	HIP
16.	Choa Chu Kang Street 62 and North 7	32	Public residential & commercial	NRP
Total		**240**	**-**	**-**

OPERATING AND FINANCIAL REVIEW

C&P

In FY2017, we completed 10 C&P projects compared to 13 projects in FY2016. Some key projects that we delivered included architectural painting works for the National Art Gallery, the National University of Singapore and Methodist Girls School, as well as floor coating works for other some other industrial buildings. See table 5.

As at 30 June 2017, we have 41 ongoing C&P projects spanning diverse segments that are due for completion between now and December 2019. They include among others, painting jobs for the National Centre for Infectious Disease, our largest todate; for Tampines Town Hub, Singapore's first integrated community hub; for Carros Centre, Singapore's largest freehold automobile mega hub and for infrastructure projects such as Changi Airport Terminal 1, MRT stations, roads and sub-stations. This pipeline also includes our five painting projects in Myanmar. See Table 6.

Table 5:

No.	Completed C&P Projects	Building Type
1.	Motor workshop at Sin Ming	Commercial
2.	Motor vehicle service centre at Pandan Crescent	Commercial
3.	National Art Gallery	Institution
4.	Factory building at Tuas Bay Close	Industrial
5.	National University of Singapore	Institution
6.	5-storey Christian Church at Jurong	Institution
7.	Methodist Girls School	Institution
8.	Data Centre at Jurong West Ave 2	Commercial
9.	Data Centre at Woodlands	Commercial
10.	Kallang Junction	Industrial

Table 6:

No.	Ongoing C&P Projects	Building Type
1.	Keppel Viaduct	Infrastructure
2.	Exxon Mobil Aurora warehouse at Jurong Island	Industrial
3.	6-storey health & medical care building at 830 Thomson	Commercial
4.	3-storey terrace factories at Gul Circle	Industrial
5.	Mosque at Woodlands Drive 17	Institution
6.	Pines Hotel at Steven Road	Commercial
7.	Dormitory at 56 Pandan Road	Institution
8.	Single-use factory at Sunview Way	Industrial
9.	5-storey building at Junction West Ave 2 and Bulim Ave	Industrial
10.	Factory at 3 Joo Koon Circle	Industrial
11.	Jalan Buroh Lane	Industrial
12.	Warehouse at Jalan Buroh	Industrial
13.	Australian International School at Lorong Chuan	Institution
14.	Hwa Chong Institution	Institution
15.	Telin Data Centre at Sunview Drive	Commercial

Table 6 (continued):

No.	Ongoing C&P Projects	Building Type
16.	Taman Warna Condominium	Residential
17.	Single-use factory at Sunview Way	Industrial
18.	Factory at Tuas Avenue 1	Industrial
19.	Yangon City Development Committee Staff Housing	Residential
20.	3-storey RC Building at Thazin Phyu 2nd Street, Yankin Township	Commercial
21.	External painting works for Hill Top Vista Project Tower-A	Residential
22.	Internal painting works at Times City Project (Site A), Building 1, 2A, 3, 4, 2B and Podium Basement 1	Mixed use
23.	External painting works for Times City Project (Site A), Building 5 and 6	Mixed use
24.	SMU at Canning Rise	Institution
25.	Private residence at Marne Road	Residential
26.	Underpass at Nicoll Highway / Guillemard Road Junction	Infrastructure
27.	Tampines Town Hub	Commercial
28.	Warehouse and factory at 60 Jalan Lam Huat	Industrial
29.	Sengkang General Hospital SOC Building	Commercial
30.	Commercial development at Jalan Besar / Lavender Street	Commercial
31.	5-storey data centre at Sunview Drive	Commercial
32.	Sub-station at Kaki Bukit Road 5, Loyang Drive and Loyang Way	Infrastructure
33.	Bedok Town Park MRT Station	Infrastructure
34.	1 to 7 storey basement and shopping area at Peck Seah Street / Choon Guan Street	Commercial
35.	Upper Changi MRT Station	Infrastructure
36.	7 to 64 storey building at Peck Seah Street / Choon Guan Street	Commercial
37.	Changi General Hospital	Commercial
38.	National Centre for Infectious Diseases	Institution
39.	Clinic at Lower Kent Ridge Road	Commercial
40.	Changi Airport Terminal 1	Infrastructure
41.	Havelock Square	Institution

OTHERS

We completed 20 projects under our Others business segment in FY2017 compared to 12 completed projects in FY2016 and we have 32 ongoing projects in the pipeline now. See Table 7 and Table 8.

Table 7:

No.	Completed Others Projects	Service Type	Blks (No.)	Building Type
1.	Aloha Loyang Chalet	ID	-	Commercial
2.	Burberry	ID	-	Commercial
3.	Prudential Tower	ID	-	Commercial
4.	Timber flooring and skirting for Beach Villas	ID	-	Commercial

OPERATING AND FINANCIAL REVIEW

Table 7 (continued):

No.	Completed Others Projects	Service Type	Blks (No.)	Building Type
5.	Feng Shui Inn	ID	-	Commercial
6.	Interior Design works for a private residence	ID	-	Residential
7.	Retail shop at Bishan Street 13	ID	-	Commercial
8.	Retail shop at Orchard Road	ID	-	Commercial
9.	Retail shop at Pasir Panjang Road	ID	-	Commercial
10.	Upgrading of electrical works at Assumption School	M&E	-	Institution
11.	Electrical works at Multi-story Carpark	M&E	-	Car Park
12.	Building at Upper Jurong Road	M&E	-	Commercial
13.	ABC Water project	ES	-	Commercial
14.	Dulwich College at Bukit Batok West Ave 8	ES	-	Institution
15.	Solar Leasing of Grid-Tied Solar Photovoltaic system for HDB blocks (20MW)	ES	33	Public residential
16.	Ang Mo Kio Ave 1, Ave 3 and Ave 4 for Kebun Baru Division	WP	12	Public residential
17.	Jalan Bukit Merah, Jalan Rumah Tinggi, Lengkok Bahru, Hoy Fatt Road, Stirling Road and Queensway	WP	30	Public residential
18.	Selegie Road at Kampong Glam Division	WP	3	Public residential
19.	Factory at 40 Senoko Drive	WP	-	Industrial
20.	Control room at Tuas Avenue 3	FP	-	Industrial
Total		**-**	**78**	**-**

Table 8:

No.	Ongoing Others Projects	Service Type	Blks (No.)	Building Type
1.	Alexandra Canal	ES	-	Canal
2.	EFCOPS Installations at designated HDB blocks in Punggol	ES	-	Public residential
3.	Solar Leasing of Grid-Tied Solar Photovoltaic system (SolarNova Phase 1) - 40MWp for HDB blocks	ES	150	Public residential
4.	General cleaning services for a building	ID	-	Commercial
5.	Good Class Bungalow at Swettenham	ID	-	Residential
6.	Private residence at Jalan Daud	ID	-	Residential
7.	Raffles Boulevard - Marina Square	ID	-	Commercial
8.	Crown Plaza Hotel at Airport Boulevard	LS	-	Commercial
9.	Punggol Waterway (Floating wetlands) for HDB	LS	-	Community
10.	Punggol Waterway (Freshwater) for HDB	LS	-	Community
11.	Turfing, trees planting and landscape work at Geylang	LS	-	Commercial
12.	Green roof for car park at Jurong West Street 42 and Avenue 2	LS	-	Commercial
13.	Park at Tanglin Area	LS	-	Community
14.	OUE Downtown Podium at 6 Shenton Way	LS	-	Commercial
15.	Changi East Runways Operations	LS	-	Infrastructure

Table 8 (continued):

No.	Ongoing Others Projects	Service Type	Blks (No.)	Building Type
16.	Ai Tong School at Bright Hill Drive	M&E	-	Institution
17.	Geylang Methodist School at Geylang East Central	M&E	-	Institution
18.	Springleaf Park at Upper Thomson Road	M&E	-	Commercial
19.	Recreation centre at Kranji Close	M&E	-	Community
20.	Waterloo Centre	M&E	-	Commercial
21.	Siling Primary School at Boon Lay Drive	M&E	-	Institution
22.	Casuarina Primary School, Meridian Primary School and Edgefield Primary School	M&E	-	Institution
23.	Singapore Polytechnic	M&E	-	Institution
24.	Tampines Street 82 and 83 - NRP electrical works	M&E	-	Commercial
25.	CHIJ Our Lady Queen Of Peace, CHIJ Our Lady Of Good Counsel and Montfort Junior School	M&E	-	Institution
26.	Yishun Emerald at 34 Canberra Drive	WP	-	Residential
27.	39 HDB blocks at Serangoon North Ave 4	WP	39	Public residential
28.	Data centre at Jurong West Street 23	WP	-	Commercial
29.	19 HDB blocks Pasir Ris Street 11	WP	19	Public residential
30.	AXA Tower at Shenton Way	FP	-	Commercial
31.	Epoxy floor coating for South Beach	SP	-	Commercial
32.	JTC Furniture Hub	SP	-	Commercial
Total		**-**	**208**	**-**

ES : Eco-friendly Solutions
ID : Interior Design & Retrofitting
LS : Landscaping
M&E : Mechanical & Electrical Works
WP : Water Proofing
FP : Fire Proofing
SP : Special Product

Interior Design and Retrofitting (collectively "ID")

Under our ID business, we offer commercial and residential ID work, as well as architectural and engineering solutions. We completed nine key commercial ID projects in FY2017, the same number as in FY2016. They include a $1.6 million job for Aloha Loyang Resort and a slew of other contracts for retail shops, hotels and an office. As at 30 June 2017, we have four ongoing ID projects which we expect to deliver by October 2017.

We advanced our ID business In Malaysia as we were appointed the Official ID partner of Weststar Construction & Property ("**Weststar**") for Pudina at Presint 17 Putrajaya, a residential project mainly for civil servants. To date, we have secured a significant number of ID jobs as well as a project for cleaning services for a dwelling unit from Weststar.

Landscaping

We have eight ongoing projects as at 30 June 2017 including two iconic projects, the Crown Hotel at Changi Airport and OUE Downtown, as well as a green roof for a HDB car park at Jurong estate in FY2017.

Waterproofing

We completed four waterproofing jobs for 45 HDB blocks in FY2017 compared to three projects for 23 blocks in FY2016. From mainly public residential projects, we have expanded our waterproofing business into the household consumer market last year. We have four ongoing jobs at the moment comprising waterproofing works for 58 HDB blocks in Serangoon North Avenue 4 and Pasir Ris Street 11, a residential condominium at Yishun and a commercial data centre which will be completed by January 2018.

OPERATING AND FINANCIAL REVIEW

Eco-friendly Solutions

Renewable energy installation was an area that we moved into in early 2016 and we have been actively trying to grow this business since then. In FY2017, we completed our first solar panel installation project for 33 HDB blocks in Tampines Streets 32, 42, 43, 44 and 45 and Avenue 9 worth $1.8 million. Right now, we have three ongoing projects. One is to install Emergency Fuel Cell Power Operating System ("**EFCOPS**") as back-up power generators for lifts at HDB blocks in Punggol estate which is expected to be completed by December 2017. The other, worth $6.3 million, is our single largest renewable energy installation project to install solar panels for 150 HDB blocks. The third one which is the installation of composite timber at Alexandra Canal will be completed by September 2017. We also completed two composite timber installation jobs, namely Dulwich College and the ABC Water project, and fireproofing works for a control room at Tuas Avenue 3.

After a successful trial in Tampines, we are also on track to introduce a new revenue stream from our new product, Cockroaches and Odour Remover ("**CnO**") sometime in FY2018. CnO is currently at the final stage of NEA registration.

Handyman Services

ISOHomecare launched its new Mobile App in FY2017, making it more convenient for customers to book handyman services. During the year, ISOHomecare also extended its handyman services into CCTV and office repairs as well as increased its number of vehicle and support teams.

Mechanical and Electrical Engineering ("M&E")

We began offering M&E services in January 2017 after we acquired ISO-Integrated M&E Pte. Ltd. (formerly known as Rong Shun Engineering & Construction Pte. Ltd.). In FY2017, we completed three M&E projects worth approximately $6.3 million. As at 30 June 2017, we have 10 ongoing M&E jobs worth around $15.8 million that we expect to deliver between now and March 2018. These projects pertain mainly to schools upgrading.

ORDER BOOK

We have an order book of $95.8 million as at 18 August 2017 that we will progressively deliver over the next two years. $16.4 million new orders were secured in the first half of FY2017 while the bulk of the book orders, amounting to $84.6 million, were secured in the second half.

FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

REVENUE

The Group's revenue decreased by $11.2 million or 11.9% from $94.1 million in FY2016 to $82.9 million in FY2017 due to lower contribution from our R&R and Others segments and partially offset by improved performances from our A&A and C&P segments.

R&R accounted for 25.2% of our total revenue in FY2017. Our revenue from this segment decreased by $19.3 million or 48.1% from $40.2 million in FY2016 to $20.9 million in FY2017 due to fewer R&R projects available in the market. In addition, a portion of jobs with R&R work scope have been categorised under our A&A segment as part of larger scale estate upgrading or NRP projects. We completed 13 R&R projects in FY2017.

A&A contributed 39.0% of our total revenue in FY2017. A&A revenue increased by $8.0 million or 32.8% from $24.4 million in FY2016 to $32.4 million in FY2017 on the back of nine completed projects of relatively higher value in comparison to FY2016. These comprise mainly commercial jobs and a couple of market and food centres in Jurong East and Ang Mo Kio.

In FY2017, C&P made up 17.3% of our total revenue. This segment's revenue rose by $2.5 million or 21.8% from $11.8 million in FY2016 to $14.3 million with the completion of 10 projects in FY2017, comprising mainly commercial and institutional jobs.

Others accounted for 18.5% of the Group's overall revenue in FY2017. Revenue contribution from this segment decreased by $2.5 million or 13.7% from $17.8 million in FY2016 to $15.3 million in FY2017. We completed 20 C&P projects in FY2017 and a few of our more significant jobs including ID works for Aloha Loyang Resort, M&E upgrading works for Assumption School, solar panel installation for 33 blocks in Tampines among others.

PROFITABILITY

Due to lower margins contributed by our R&R and Others segments, the Group's gross profit decreased by $2.6 million or 10.4% from $24.2 million in FY2016 to $21.6 million in FY2017. At the baseline, we recorded a net attributable profit of

$6.4 million in FY2017, a reduction of $2.8 million or 30.1% compared to $9.2 million in FY2016.

In FY2017, we were impacted by exceptional charges comprising amortisation of intangible assets and one-off allowance for doubtful receivables, for a customer under receivership, which amounted to $1.6 million and $1.4 million respectively. Taking these into consideration, our operational net profit in FY2017 would not have been under as much pressure.

OTHER INCOME AND EXPENSES

Other income increased by $0.8 million or 38.2% from $1.9 million in FY2016 to $2.7 million in FY2017 and which was mainly due to an increase in administrative income and negative goodwill arising from the acquisition of a subsidiary. Our marketing and distribution expenses decreased by $0.4 million or 25.4% from $1.8 million in FY2016 to $1.4 million in FY2017 and which was mainly due to the depreciation and repair and upkeep expenses of motor vehicles. At the same time, general and administrative expenses increased by $3.0 million or 25.0% from $12.1 million in FY2016 to $15.1 million in FY2017. The key reasons were an increase in staff costs for the acquisition of a new subsidiary and incorporation of subsidiaries in Myanmar and Malaysia, allowance for doubtful receivables for a customer under receivership amounting to $1.4 million, and higher overhead costs, which was incurred for business expansion.

In FY2017, our finance costs increased by $0.1 million or 28.7% from $0.4 million in FY2016 to $0.5 million mainly due to interest incurred for the utilisation of trust receipt and property loan relating to the purchase of our corporate office in Changi. Also, other operating expenses decreased by $1.1 million or 76.5% from $1.5 million in FY2016 to $0.4 million in FY2017 from a decrease in amortisation of intangible assets arising from the acquisition of subsidiaries.

Income Statement	FY2017 ($'000)	FY2016 ($'000)	Change ($'000)	Change (%)
Revenue				
- R&R	**20,900**	40,248	(19,348)	(48.1)
- A&A	**32,385**	24,390	7,995	32.8
- C&P	**14,317**	11,750	2,567	21.8
- Others	**15,320**	17,761	(2,441)	(13.7)
Total revenue	**82,922**	94,149	(11,227)	(11.9)
Cost of sales	**(61,286)**	(69,993)	(8,707)	(12.4)
Gross profit	**21,636**	24,156	(2,520)	(10.4)
Gross profit margin	**26.1%**	25.7%	NA	0.4 points
Other Income	**2,662**	1,926	736	38.2
Expenses				
- Marketing and distribution	**(1,375)**	(1,844)	(469)	(25.4)
- General and administrative	**(15,083)**	(12,067)	3,016	25.0
- Finance costs	**(493)**	(383)	110	28.7
- Other operating expenses	**(352)**	(1,497)	(1,145)	(76.5)
Profit before tax	**6,995**	10,291	(3,296)	(32.0)
Tax expense	**(260)**	(709)	(449)	(63.3)
Profit for the year	**6,735**	9,582	(2,847)	(29.7)
Profit attributable to:				
- Owners of the Company	**6,447**	9,227	(2,780)	(30.1)
- Non-controlling interest	**288**	355	(67)	(18.9)
	6,735	9,582	(2,847)	(29.7)
Net attributable profit margin	**7.8%**	9.8%	NA	(2.0) points

OPERATING AND FINANCIAL REVIEW

REVIEW OF FINANCIAL POSITION

ASSETS

Our non-current assets increased by $20.7 million or 90.8% from $22.8 million as at 30 June 2016 to $43.5 million as at 30 June 2017. This was mainly due to the purchase of our corporate office in Changi amounting to $13.0 million; property, plant and equipment ("**PPE**") from our newly acquired subsidiary that was offset by the depreciation and disposal of PPE; as well as an increase in other investments and intangible assets arising from the acquisition of a new subsidiary that was offset by amortisation of intangible assets.

Our current assets decreased by $12.8 million or 17.9% from $71.5 million as at 30 June 2016 to $58.7 million as at 30 June 2017. This was mainly due to a decrease in cash and bank balances and other investments which were in turn offset by an increase in trade and other receivables, inventories and amounts due from customers for contract work-in-progress.

LIABILITIES

Our non-current liabilities increased by $10.8 million or 225.0% from $4.8 million as at 30 June 2016 to $15.6 million as at 30 June 2017 mainly due to the increase of deferred tax liabilities, other payables and the drawdown of bank borrowings for the purchase of our corporate office.

Our current liabilities decreased by $7.9 million or 22.1% from $35.7 million as at 30 June 2016 to $27.8 million as at 30 June 2017. This was mainly due to a decrease in amounts due to customers for contract work-in-progress, trade and other payables and tax payables, which were offset by drawdown of bank borrowings and finance lease liabilities.

Statement of Financial Position	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Non-current Assets		
- Property, plant and equipment	**29,725**	16,429
- Goodwill	**2,658**	2,658
- Intangible assets	**4,650**	2,243
- Other investments	**6,462**	1,477
Current Assets		
- Due from customers for contract work-in-progress	**20,332**	17,053
- Intangible assets	**-**	77
- Other investments	**-**	984
- Inventories	**271**	180
- Trade and other receivables	**23,265**	19,105
- Cash and bank balances	**14,830**	34,148
Total Assets	**102,193**	94,354
Non-current Liabilities		
- Finance lease liabilities	**1,752**	1,733
- Deferred tax liabilities	**1,575**	869
- Bank borrowings	**11,701**	2,162
- Other payable	**600**	-
Current Liabilities		
- Due to customers for contract work-in-progress	**2,371**	8,638
- Bank borrowings	**6,408**	4,131
- Trade and other payables	**17,887**	21,410
- Finance lease liabilities	**972**	792
- Tax payables	**158**	707
Total Liabilities	**43,424**	40,442

Statement of Financial Position	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Net Assets	**58,769**	53,912
Share capital	**29,618**	29,618
Treasury shares	**(562)**	(373)
Accumulated profits	**36,038**	31,726
Foreign currency translation reserve	**8**	1
Merger reserve	**(7,338)**	(7,338)
Other reserve	**(4)**	(151)
Non-controlling interest	**1,009**	429
Total Equity	**58,769**	53,912

REVIEW OF STATEMENT OF CASH FLOWS

NET CASH USED IN OPERATING ACTIVITIES

Net cash used in operating activities amounted to $5.5 million as a result of an increase in contract work-in-progress, trade and other receivables and inventories and a decrease in trade and other payable. These were offset by an increase in operating cash flow before changes in working capital.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to $21.2 million. This was mainly due to an investment in security, the purchase of our corporate office and net cash outflows on the acquisition of a subsidiary which were offset by the proceeds from the disposal of PPE and of other investments.

NET CASH GENERATED FROM FINANCING ACTIVITIES

Net cash generated from financing activities of $7.7 million was mainly due to a drawdown of bank borrowings for the purchase of our corporate office, capital contributed by non-controlling interest and fixed deposit released from pledge which were offset by dividend payment, purchase of treasury shares, repayment of bank borrowings and finance lease.

Consolidated Statement of Cash Flows	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Net cash (used in) / generated from operating activities	**(5,540)**	15,607
Net cash used in investing activities	**(21,179)**	(10,465)
Net cash generated from / (used in) financing activities	**7,682**	(3,458)
Cash and cash equivalents at end of financial year	**13,322**	32,359

MBS Long Chim Restaurant

Aston Martin Showroom

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE POLICIES AND OBJECTIVES

At ISOTeam, our philosophy is to deliver long-term and sustainable value to all our stakeholders. Our business is principled upon an unwavering commitment to the economic, social and environmental interests of those we serve and the communities we operate in. Understanding that our enduring success is built upon the trust of our stakeholders, we strive to conduct our business in an accountable and transparent manner.

COMMITMENT TO SHAREHOLDERS

ISOTeam places a premium on driving long-term value for our shareholders through adopting stringent corporate governance and accountability standards across the financial and operational aspects of our business. ISOTeam's stock is currently covered by RHB Securities and UOB Kay Hian with "BUY" calls.

We actively engage shareholders, the investing community and the media through timely disclosures of information relating to the Group's operations, financial performance and strategic business updates.

- Such information is readily available on the Singapore Exchange www.sgx.com and our corporate website www.isoteam.com.sg;
- IR contact email: ir@iso-team.com;
- An e-mail alert service via our IR website, that informs subscribers whenever an announcement is posted on the website;
- Annual General Meetings, a platform where our Directors and Executive Officers engage shareholders directly;
- Half-yearly analyst and media briefings in relation to our financial results.

FYE 30 June 2017

Financial Calendar	Analyst, Investor and Media Events
• **13 February 2017** Announcement of HY2017 financial results	• **14 February 2017** HY2017 financial results briefing
• **11 May 2017** Announcement of 3QFY2017 financial results	• **27 February 2017** Corporate Presentation (UOB Kay Hian)
• **24 August 2017** Announcement of FY2017 financial results	• **18 April 2017** Conference: Top Singapore Small Cap Companies (RHB Securities)
• **12 October 2017** Notice of Annual General Meeting	• **25 August 2017** FY2017 financial results briefing
• **27 October 2017** Fifth Annual General Meeting	• **Throughout FY2017** Investor outreach (one-on-one / group sessions)

Jurong Central CCC Appreciation Night 2017

Jurong Central CCC Appreciation Night 2017

ISOTeam team-building at Downtown East

COMMITMENT TO CUSTOMERS

Earning the confidence of our customers is paramount to the long-term success and growth of the Group. As such, we endeavour to deliver high-quality works to our customers on a timely basis while adhering strictly to safety regulations. Our experienced employees work closely with clients to conduct quality surveys at various pre-determined points within the project cycle to ensure that clients are kept up-to-date on the progress of their projects. This also provides us with a valuable opportunity to solicit feedback from our clients to ensure that the projects are progressing according to their specifications.

Our value propositions to clients:

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

COMMITMENT TO EMPLOYEES

Our people are the key drivers of our vision to be the best and preferred partner for complete solutions in the built environment. As such, we are committed to provide adequate opportunities for our employees to undergo upgrading or retraining sessions so that they can perform their roles more effectively. In addition, we offer a fulfilling work environment marked by a culture of continuous learning and collective effort.

Team Building and Employee Welfare

To strengthen the cohesiveness of our employees, we had our annual ISOTeam team-building challenge at Downtown East this year.

Now in its 5th year, our YES! Campaign, which encourages employees to share ideas to drive positive change, has resulted in many new initiatives that have helped increase productivity and efficiency, reduce redundancies or minimise wastage and costs across the Group.

Since 2012, ISOTeam has held its annual Green Day Anniversary to raise environmental awareness among its employees. This year, our employees descended upon on Coney Island, where they took part in a guided tour of the trails before taking part in a full-filled treasure hunt that incorporated several green outcomes. The staff also showed off their photography skills with some neat nature shots while the bird lovers amongst them took in the sights on the island, which is a popular stopover for migratory birds.

Diversity is a core tenet of our human resource policy and our staff comprises talented individuals from all walks of life and culture. We embrace this diversity within our ranks by celebrating special occasions such as Christmas, Hari Raya, Deepavali, Chinese New Year, as well as birthdays throughout the year. Our Rest and Recreation Committee also organises an annual Dinner & Dance where awards are given out to recognise the contributions of our outstanding and long-serving employees.

In addition to Fruits Day, started two years ago where we distribute fruits to all our employees on the last Friday of every month, we also introduced Zumba classes this year. Both initiatives were started to encourage the adoption of healthy diets and lifestyles among our employees.

Staff Training

To deliver a consistently high standard of work, we conduct regular training to upgrade the

CORPORATE SOCIAL RESPONSIBILITY

abilities and competencies of our staff including training / refresher courses for Riggerman and operators of various on-site machinery and equipment for new and current employees. We also enrol employees in external training courses for construction and workplace safety, construction project management, quality assurance, accounting systems and software training, and other specialised programmes and seminars to ensure that our employees are equipped with the necessary skills and knowledge to execute their responsibilities.

Senior management and managers also attend courses to ensure that they remain abreast of the latest trends and to hone their leadership and managerial skills. Amongst many others, these courses include search engine optimisation and data protection programmes, "Effective Motivational Leadership" and "Effective Handling of Employee Discipline".

With our strong focus on learning and development, more than 310 staff were sent to attend around 20 external upgrading / training courses in FY2017. We believe this sets us apart from our competitors and positions us as a choice employer in the industry.

Occupational Safety and Health

In light of the tightly-regulated nature of the industry we operate in, as well as the significant risk involved in the use of heavy machinery and in working on live project sites located in close proximity to the general populace, the Group places a significant emphasis on occupational safety and health standards. Our employees are trained to operate machinery in a safe and appropriate manner while observing best practices in on-site safety management. In FY2017, our employees also attended courses such as the "Advanced Certificate in Workplace Safety and Health", the "Construction Safety Course for Project Managers" and the "Occupational First Aid Course". In the same vein, we expect our partners to adhere to these strict standards and we consciously prefer to work with sub-contractors that share the same beliefs in occupational safety and health.

In addition, the Group has actively taken measures to protect ourselves against public liability through adequate insurance coverage of our project sites. Our employees are also covered under the Group's collective insurance scheme while those who have served for at least one year are entitled to regular health screenings paid for by the Group.

Our quest for excellence has seen the Group go beyond the mandatory Building and Construction Authority's ("**BCA**") stringent Quality, Environment, Health and Safety ("**QEHS**") requirements for all our projects. We are proud to have met the standards of occupational safety standards set forth by recognised certification bodies, and have been awarded OHSAS 18001:2007, bizSAFE Level 3, bizSAFE Level Star and Singapore Health Award (Silver).

Key Performance Indicators

Since 2011, we have adopted an e-appraisal programme which allows employees to anonymously appraise their peers and managers. The objective of this exercise is to encourage greater accountability within the Group and allow honest feedback across all ranks, and ultimately bring about real change on areas that need improvement.

In addition, ISOTeam actively monitors and maintains clear records of incidents of fines and penalties. With this system in place, it will allow us to trace the cause of problems and enables us to put in place preventive measures and improve current practices.

COMMITMENT TO THE COMMUNITY

The Group believes that it is our responsibility to make a positive difference in the community we operate in. We are committed

2016 SGX Bull Charge event

to giving back and sharing our expertise. We also encourage and support our employees to engage in socially responsible activities and community service. In FY2017, we made cash contributions of close to $91,000 to various organisations for activities in support of community development and the needy and underprivileged. Some of the donations include:

- $50,000 to the Jurong Central CCC Community Development & Welfare Fund
- $20,000 to the Singapore Polytechnic Graduates' Guild's Education Bursary
- $10,000 to the 1000 Enterprises for Children-In-Need Programme
- $10,000 to the SGX Bull Charge Charity Run 2016

COMMITMENT TO THE ENVIRONMENT

The green in ISOTeam's logo is a representation of our unwavering commitment to protect our environment and to add environmental value to our daily operations. Across the Group, we constantly seek to find new and/or innovative ways to reduce our carbon footprint by preventing pollution, minimising waste and efficiently utilising resources in the course of our work. To that end, our employees now strive to reuse, reduce and recycle all office and work-site resources.

As the leading player in the building refurbishment and estate upgrading industry in Singapore, we take pride that our work has a positive impact on current and future generations of Singaporeans. We firmly believe that we are responsible for building, maintaining and upgrading their estates in a sustainable and responsible manner. Guiding this motivation are the three main pillars under our green leadership programme, namely Green Construction Methodology, Green Procurement Policy and Green Partnerships.

Moreover, as a leader in the green movement within the industry, we have, over the years, adopted many eco-friendly methodologies and products that have come to be recognised as leading industry standards. We regularly advise our clients to adopt green solutions in their projects, showing them that in addition to being socially responsible, green solutions tend to be more cost-effective in the long-run when the costs are calculated over the solutions' entire life-cycles.

We are proud of our work in making Singapore a clean and green city. Over the past year, ISOTeam has expanded its suite of eco-friendly solutions, particularly in the renewable energy installation space for solar panels and hydrogen fuel cells as back-up power generators for lifts in HDB blocks.

This year, we introduced the Cockroaches and Odour Removal ("**CnO**"), a water-based solution to combat the problem of cockroach infestation and odour in residential estates. Unlike conventional pest control solutions, the organic ingredients that make up the product makes it an environmentally friendly alternative without any toxic discharge or harmful organic compounds to the human body.

This green philosophy also has a profound influence in how we run our business. This year, we took an equity stake in Sunseap Group, a leading provider of clean energy solutions in the Asia-Pacific region. As Singapore pushes towards greater adoption of green energy, we are confident that our investment in Sunseap - which has an established track record of winning tenders with the HDB and EDB for the provision of clean energy solutions- will not only allow us to fulfil our commercial needs, but will also allow us to pursue our green ideals and expand our suite of green solutions.


Tampines Town Council Tree Planting Day

To support Singapore's ambition of being a healthy and green society, we have ventured into the bike-sharing business. We hope that more Singaporeans will move towards a car-lite society, and adopt bike sharing transport as a means to a healthier and greener lifestyle.

Our green efforts have not gone unnoticed. Our headquarters building was awarded the Green Mark Certification. We are also a Corporate Member of the Singapore Green Building Council and became one of the first companies in the refurbishment sector to clinch the Green and Gracious Builder Award (Excellent) by the BCA and ISO 14001/2004 (Environmental Management System) as well.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Eng Ann (Chairman)

Soh Chun Bin

Ng Kheng Choo

NOMINATING COMMITTEE

Ng Kheng Choo (Chairman)

Tan Eng Ann

Soh Chun Bin

REMUNERATION COMMITTEE

Soh Chun Bin (Chairman)

Tan Eng Ann

Ng Kheng Choo

COMPANY SECRETARIES

Wee Woon Hong, LLB (Hons)

Lwin Lwin Aung, CA Singapore

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SPONSOR

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16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

SHARE REGISTRAR

Tricor Barbinder Share Registration Services

80 Robinson Road, #02-00
Singapore 068898

AUDITOR

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge:
Tiang Yii, CA Singapore
(Appointed since reporting year ended 30 June 2017)

INVESTOR RELATIONS

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WEBSITE

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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 maximise the long-term shareholder value, protect the interests of stakeholders as well as promote investors' confidence.

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 Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This section outlines the main corporate governance practices and procedures adopted by the Company during the financial year ended 30 June 2017 ("**FY2017**"), 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

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.*

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders' value.

Besides carrying out its statutory responsibilities, the Board's role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and Company's assets;
- review the performance of the Company's management (the "**Management**");
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues as part of its strategic formulation; and
- oversee the processes for evaluating the adequacy and effectiveness of internal control, financial reporting and compliance.

Every Director, in the course of carrying out his or her duties, acts in good faith and considers at all times, the interest of the Group.

Board committees, namely 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 functional procedures.

The Board meets at least four times a year starting from the year 2017. 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 Constitution. The Board and Board committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE REPORT

During FY2017, the number of Board and Board committee meetings held and attended by each member of the Board is as follows:

Types of Meetings / Names of Directors	Board	AC	NC	RC
Total held for FY2017	**3**	**3**	**1**	**1**
Ng Cheng Lian	3#	3*	1*	1*
Koh Thong Huat	3	3*	1*	1*
Foo Joon Lye	3	3*	1*	1*
Tan Eng Ann	3	3#	1	1
Soh Chun Bin	3	3	1	1#
Ng Kheng Choo	3	3	1#	1

Notes:

\# Chairman

* By invitation

The matters which specifically require the Board's approval are those involving:

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

The Company documents the materiality threshold(s) and matters reserved for Board's approval in its policies.

The Company has in place an orientation programme and materials to ensure that all Directors are familiar with the business and organisation structure of the Group. Every new Director will also receive a formal letter of appointment setting out the duties and obligations of the Director upon appointment. 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. There were no new Directors appointed in FY2017.

The Management keeps the Directors up-to-date on pertinent developments including the Group's business, financial reporting standards and industry-related matters. The Company encourages Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties. The Executive Directors attended the Total Leadership Training Programme in FY2017.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the board, which is able to exercise objective judgement 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 six members, three of whom are 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 (Lead Independent Director)
Mr Soh Chun Bin
Ms Ng Kheng Choo

This composition complies with the Code's guideline that at least half of the Board should be made up of Independent Directors where the Chairman of the Board is part of the management team or not an Independent Director.

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 there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently and the Board consists of persons who, together, will provide the core competencies necessary to meet the Company's objectives. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC is of the view that Mr Tan Eng Ann, Mr Soh Chun Bin and Ms Ng Kheng Choo are independent.

In view that 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 judgement is exercised on corporate affairs independently from the Management.

Currently, no Independent Director has served on the Board beyond nine years from the date of his/her first appointment.

The Board, through the NC, has examined its size and composition and is of the view that it is of 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 also 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, legal, management and strategic planning, which are complementary and enhance the effectiveness of the Board.

The Independent Directors confer regularly with the Executive Directors and the Management to develop strategies for the Group, review the Management's performance, assess remuneration and discuss corporate governance matters. Where warranted, the Independent Directors will meet in the absence of the Management to facilitate a more effective check on the Management.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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 should represent a considerable concentration of power.*

The Company adopts a dual leadership structure whereby the roles of Chairman and CEO are distinct, each having their own areas of responsibilities and functions, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are thus separate persons and the Chairman is not related to the CEO.

The Executive Chairman, Mr Ng Cheng Lian, plays a key role in promoting high standards of corporate governance. He, with the assistance of the Company Secretaries, set the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, he plays a pivotal role in ensuring effective communication with shareholders at general meetings of the Company, and encouraging constructive relations within the Board and between the Board and the Management.

The CEO, Mr Koh Thong Huat, formulates and implements the Group's expansion plans and the overall corporate and strategic development of the Group and ensures conformance by the Management to such plans.

In view that the Chairman of the Board is part of the management team and not an Independent Director, Mr Tan Eng Ann who is the Chairman of the AC, has been appointed as the Lead Independent Director of the Company in accordance with the Code. Mr Tan Eng Ann is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman of the Board, the CEO or the Chief Financial Officer has failed to resolve or is inappropriate. No request or query on any matter which requires the Lead Independent Director's attention has been received from shareholders in FY2017.

Where necessary, the Lead Independent Director will chair meetings without involvement of the Executive Directors and provide feedback to the Chairman of the Board after such meetings.

Board Membership

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

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, whether a Director is independent, and guided by the independent guidelines contained in the Code;

(c) to decide whether a Director is able to and has been adequately carrying out his or her duties as a Director, particularly when the Director has multiple board representations; and

(d) to assess the effectiveness of the Board as a whole and the Board committees, and the contribution of each Director to the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

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

In the selection and appointment of a new Director, the NC will identify the key desired competencies to be possessed by the new Director which would complement the skills and competencies of the existing Directors. Potential candidates will then be sourced from the Directors' personal contacts or through external consultants or recruitment agencies. Interviews shall be conducted by the NC and suitable candidates are recommended to the Board for consideration.

The Constitution of the Company 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. A retiring Director is eligible for re-election by the shareholders at the AGM. The Constitution of the Company also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for re-election by the shareholders at the AGM.

The NC will assess and recommend to the Board whether retiring Directors are suitable for re-election. In considering the re-election of a Director, the NC will evaluate such Director's contributions in terms of experience, business perspective, 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 retiring Directors, namely Mr Ng Cheng Lian and Mr Tan Eng Ann at the forthcoming AGM. The Board has accepted the NC's recommendation.

The dates of initial appointment and re-election of the Directors as well as the 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	Past (Last Three Years)
Ng Cheng Lian	12 December 2012	27 October 2014	Nil	Nil
Koh Thong Huat	12 December 2012	27 October 2015	Nil	Nil
Foo Joon Lye	12 December 2012	25 October 2016	Nil	Nil
Tan Eng Ann	7 June 2013	27 October 2014	• SingAsia Holdings Limited*	• GCCP Resources Limited • Hiap Tong Corporation Ltd.
Soh Chun Bin	7 June 2013	27 October 2015	• Geo Energy Resources Limited • Triyards Holdings Limited	Nil
Ng Kheng Choo	7 June 2013	25 October 2016	• OKH Global Ltd.	Nil

* Listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited

The academic and professional qualifications as well as principal commitments, and the information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

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.

Currently, there is no alternate Director on the Board.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: *There should be a formal annual 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 assess the performance and effectiveness of the Board and its committees, and the contribution of each Director to the effectiveness of the Board on a yearly basis. No external facilitator was engaged by the Company.

Assessment checklist for the Board and its committees 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, is disseminated to each Director for completion and the assessment results are discussed at the NC meeting.

Assessment checklist for Directors which include assessment parameters such as their knowledge and abilities, attendance records at the meetings of the Board and Board committees, the intensity and quality of participation at meetings, contribution to the decision-making procedures, compliance with the Company's policies and procedures, and disclosure of interests, is disseminated to each Director for completion and the assessment results are discussed at the NC meeting. The Executive Chairman will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors.

The abovementioned evaluation factors and assessment parameters do not change from year to year. The Board also reviews its performance against qualitative and quantitative targets on an annual basis and is of the view that it has met its performance objectives during FY2017.

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.*

The Directors are furnished with timely and adequate information from the Management to enable them to discharge their duties effectively. The Directors have unrestricted access to the Company's records and information and have separate and independent access to the Company Secretaries and Management at all times to obtain further information, where necessary. Such information include information relating to matters to be brought up at Board meetings, copies of budgets, forecasts and interim financial statements.

Either one of the Company Secretaries is required to attend Board and Board committees' meetings and are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 (the "**Companies Act**") and the provisions in the Catalist Rules are complied with. The appointment and removal of the Company Secretaries are subject to the Board's approval.

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.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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 in respect of his or her remuneration package.

The RC did not seek any external professional advice on the remuneration of the Directors. Where necessary, the RC would seek independent professional advice on remuneration matters at the expense of the Company.

The RC reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Level and Mix of Remuneration

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 and key management personnel which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and allowance while the variable component is the annual bonus, based on the performance of the Group and the individual Director or key management personnel, as well as the market rates. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

CORPORATE GOVERNANCE REPORT

The Executive Directors, namely 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 service agreements also provide that the Company shall be entitled to recover from the Executive Directors the relevant portion of the bonus and any sum paid under their service agreements in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of the Executive Directors resulting in financial loss to the Company.

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.

The Company has adopted the ISOTeam PSP in June 2013. The ISOTeam PSP is administered by the RC. Please refer to the "Directors' Statement" 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 Group operates in a highly competitive human resources environment where the detailed disclosure of the remuneration packages of each Director and key management personnel will be detrimental to the best interest of the Company and the Group, given the confidential and commercial sensitivities associated with remuneration matters.

In addition, the remuneration packages for the key management personnel are decided by the Management under the administration of the Board. The Board is of the view that it is not necessary to provide the full disclosure of the detailed remuneration.

A breakdown, showing the level and mix of each Director's remuneration for FY2017 is set out below:

Remuneration Band and Name of Director	Fee %	Salary* %	Bonus %	Allowance %	Total %
$500,00 to $750,000					
Ng Cheng Lian	–	64	30	6	100
Koh Thong Huat	–	68	26	6	100
Foo Joon Lye	–	56	36	8	100
Below $250,000					
Tan Eng Ann	100	–	–	–	100
Soh Chun Bin	100	–	–	–	100
Ng Kheng Choo	100	–	–	–	100

Note:

* These amounts are inclusive of employee's CPF contribution.

CORPORATE GOVERNANCE REPORT

A breakdown, showing the level and mix of each key management personnel's remuneration for FY2017 is set out below:

Remuneration Band and Name of Executive	Fee %	Salary* %	Bonus %	Allowance %	Total %
Below $250,000					
Or Thiam Huat	16	64	7	13	100
Lim Kim Hock	17	63	7	13	100
Chan Chung Khang	–	76	24	–	100
Lwin Lwin Aung	–	67	27	6	100
Teng Ann Boon	–	84	10	6	100
Tan Wei#	–	54	43	3	100

Notes:

* These amounts are inclusive of employee's CPF contribution.
# Tan Wei ceased his employment as Chief Strategy Officer on 26 July 2016.

There were no termination, retirement and post-employment benefits that may be granted to the Directors, CEO and key management personnel of the Group.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

There was no employee of the Group who is an immediate family of the Directors or CEO in FY2017.

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 quarterly results and annual financial statements of the Group to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects. Financial reports and other price-sensitive information are disseminated to shareholders through announcements and/or press release via SGXNET.

The Board reviews compliance requirements with the Management to ensure that the Group complies with the relevant requirements. In line with the requirements of the Catalist Rules, the Board provides a negative assurance statement to the shareholders in its quarterly results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. In addition, the Company had, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all the Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors or executive officers of the Group, use their best endeavours to comply with the provisions of the SGX-ST's listing rules and will also procure the Company to do so.

The Management updates the Executive Directors with the financial results on a monthly basis and the Independent Directors on a quarterly basis to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

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 Board is responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults the external auditor and internal auditor to determine the risk tolerance level and corresponding risk policies. The Board also oversees the Management in implementing and monitoring the risk management and internal controls systems. The Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business and operational risks and implements appropriate measures to control and mitigate such risks. The Management also 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 an external professional firm, namely 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 on an annual basis.

The Board has received assurance from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and (b) 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, the Board and its committees, 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 2017. The Board and the AC note that all internal control systems contain inherent limitations and no system of risk management and internal controls could provide absolute assurance against the occurrence of material errors, poor judgement 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

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. As Mr Tan Eng Ann and Ms Ng Kheng Choo are trained in accounting and financial management, the Board is of the view that the AC has sufficient financial and management expertise and experience amongst its members to discharge the AC's responsibilities.

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

(a) to review with the external auditor the audit plan, the audit report, the management letter and the management's response;

(b) to review with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the AC for approval prior to the incorporation of such results in the annual report;

CORPORATE GOVERNANCE REPORT

(c) to review the 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 the Financial Reporting Standards in Singapore, and concerns and issues arising from the audit 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;

(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 and internal auditor;

(f) to consider the appointment or re-appointment, and remuneration and terms of engagement of the external auditor and matters relating to the resignation or dismissal 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, full access to and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

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 audits, and the independence, objectivity and observations of the internal and external auditors.

The aggregate amount of fees paid or payable to the external auditor for the audit and non-audit services for FY2017 is reflected in Note 6 to the audited financial statements.

The AC has conducted an annual review of the volume of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor before confirming its re-nomination. In the AC's opinion, Baker Tilly TFW LLP is suitable for re-appointment and the AC has accordingly recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firm for the Group.

CORPORATE GOVERNANCE REPORT

The Company has in place a whistle-blowing policy, endorsed by the AC, which provides an accessible channel for employees of the Group to raise concerns to the AC about possible corporate improprieties or possible fraudulent activities in matters of financial reporting or other matters. Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance to the whistle-blowers that all actions in good faith will not affect them in their work and staff appraisal. There were no whistle-blowing reports received in FY2017.

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 FY2017, the changes in accounting standards did not have any material impact on the Group's financial statements.

None of the AC members was a previous partner or has any financial interest in the Company's existing auditing firm.

Internal Audit

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

The AC, in consultation with the Management, approves the hiring, removal, evaluation and compensation of the internal auditor. The internal auditor reports directly to the AC and, administratively to the Executive Directors, and have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The role of the internal auditor is to assist the AC in ensuring that the Group's controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Group has therefore appointed Nexia TS Risk Advisory Pte Ltd to undertake the functions of an internal auditor for the Group. Nexia TS Risk Advisory Pte Ltd is a member of the Institute of Internal Auditors ("**IIA**"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The AC has reviewed and is satisfied that the Group's internal audit function is effective and adequately resourced and has an appropriate standing within the Company. The review is carried out on an annual basis.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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.*

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, and will ensure that all information disclosed is as descriptive, detailed and forthcoming as possible.

CORPORATE GOVERNANCE REPORT

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, were clearly explained by the scrutineers at such general meetings.

The Constitution of the Company allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings. A proxy need not be a member of the Company. In line with the amendments to the Companies Act, corporate shareholders of the Company which provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Communication with Shareholders

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.*

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, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group through SGXNET.

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. The Company's 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 analysts, after the release of its second quarter and 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;

(b) Discuss only publicly-available and publicly known information during dialogues with investors and analysts, principally following announcements 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.

The Company has adopted a dividend policy whereby the Company shall distribute up to 20% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items, to its shareholders on 14 October 2015.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, 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 general meetings. Shareholders will be given the opportunity and time to voice their views and ask the Directors or the Management questions regarding the Company at the forthcoming AGM or any general meetings.

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

The Company has separate resolutions at general meetings for each distinct issue. The Company prepares minutes of general meetings which incorporate substantial and relevant comments and queries from shareholders and responses from the Board and the Management. These minutes will be made available to shareholders upon their request.

The Constitution of the Company allows any member of the Company, if he or she is unable to attend any general meetings, to appoint not more than two proxies to attend and vote on his or her behalf at the meetings through proxy forms sent in advance. In line with the amendments to the Companies Act, corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Board adheres to the requirements of the Catalist Rule where all resolutions are to be voted by way of poll for general meetings held on or after 1 August 2015 and the Company will announce the detailed results, showing the number of votes cast for and against each resolution and the respective percentages, to the shareholders and the public. The Company has adopted electronic poll voting for all meetings.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) 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 and two weeks before the date of the announcement of the full year and quarterly results, respectively, 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.

CORPORATE GOVERNANCE REPORT

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 interests of the Company and its minority shareholders.

Details of the interested person transactions entered into by the Group for FY2017 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 FY2017 (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.	$127,000	Nil

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 Company and its minority shareholders.

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 FY2017.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the "Directors' Statement" section of this annual report and the audited financial statements of the Group for FY2017, 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 Placement Proceeds

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 in June 2015. Such placement proceeds had been fully utilised in April 2017 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 strategies alliances	1,500	(1,500)	–
General working capital	536	(536)	–
Total	**5,036**	**(5,036)**	**–**

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 30 June 2017.

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 66 to 120 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2017 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; 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.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

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

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.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act as follows:

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which a Director is deemed to have an interest	
Name of Directors	At 1.7.2016	At 30.6.2017	At 1.7.2016	At 30.6.2017
Ng Cheng Lian	7,682,000	7,682,000	119,954,406	119,954,406
Koh Thong Huat	7,682,000	7,682,000	119,954,406	119,954,406
Foo Joon Lye	–	–	127,636,406	127,636,406

DIRECTORS' STATEMENT

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

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 2017, ADD Investment Holding Pte Ltd holds 119,954,406 shares in the Company. In addition, Foo Joon Lye is deemed to be interested in 7,682,000 shares in the Company held by his nominee as at 30 June 2017.

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 its wholly-owned subsidiary corporations.

Ng Cheng Lian, Koh Thong Huat and Foo Joon Lye, by virtue of their interest of not less than 20% of the issued share capital of the Company are deemed to have an interest in the shares held by the Company in the following subsidiaries corporation that are not wholly-owned by the Group.

	Number of ordinary shares Shareholdings in which a Director is deemed to have an interest	
	At 1.7.2016	At 30.06.2017
Zara@ISOTeam Pte. Ltd.	51,000	51,000
ISOTeam TMS (Myanmar) Limited	45,000	45,000
ITG Projects Sdn. Bhd.	–	1,100,000

The Directors' interests as at 21 July 2017 was the same as those at the end of the financial year.

SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiary corporations 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 subsidiary corporations 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.

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 Executive Directors who are not a substantial shareholder of the Company or an associate of a substantial shareholder) 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.

DIRECTORS' STATEMENT

ISOTEAM PERFORMANCE SHARE PLAN (CONT'D)

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.

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) to review with the external auditor the audit plan, the audit report, the management letter and the management's response;

(b) to review with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

(c) to review the 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 the Financial Reporting Standards in Singapore, and concerns and issues arising from the audit 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;

(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 and internal auditor;

(f) to consider the appointment or re-appointment, and remuneration and terms of engagement of the external auditor and matters relating to the resignation or dismissal of the external auditor;

(g) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

(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.

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

28 September 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of ISOTeam Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 66 to 120, which comprise the statements of financial position of the Group and the Company as at 30 June 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on construction contracts involves significant estimates
(Refer to Notes 2bb, 3 and 15 to the financial statements)

Description of key audit matters

Revenue arising from construction contracts represents 99% of the Group's total revenue. The accounting policy for revenue recognition is set out in Note 2(g) and 2(o) to the financial statements.

Revenue recognition involves a significant degree of judgement, with estimates being made to assess total contract revenue, stage of completion of the contract, related profit margin and contract costs after taking into consideration additional revenue arising from variations to the original contract and appropriate provision for loss making contracts.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Revenue recognition on construction contracts involves significant estimates (cont'd)

Our audit procedures to address the key audit matter

We obtained an understanding of the contractual terms and work status of on-going contracts through discussions with management and examination of contract documentation (including correspondences with customers) to understand the specific terms and risks which allowed us to assess the recognition of revenue. We tested and assessed the effectiveness of key internal controls over the accuracy and timing of revenue and contract costs recognised.

We reviewed the Group's estimates for total contract costs and profit margin for reasonableness and any evidence of management bias. We tested the stage of completion at year end through checking of evidence such as professional's certification of value of work done to-date, approved variations and customer correspondences. We also reviewed management's review and assessment of unapproved variations and claims.

We performed year end cut-off tests on contract revenue and costs.

Acquisition of ISO-Integrated M&E Pte. Ltd. – Business combination

(Refer to Notes 2bb and 14(iv) to the financial statements)

Description of key audit matter

In January 2017, the Group acquired a 100% equity interest in ISO-Integrated M&E Pte. Ltd. ("IME"). Management has assessed that the acquisition of IME qualifies as a business combination by applying the definition of FRS 103 *Business Combinations*, and that control was obtained on the date of acquisition.

There is also judgement and estimates used in determining the value of the purchase price (which comprise cash and the Company's shares) and the identification and valuation of intangible assets acquired.

Our audit procedures to address the key audit matter

We have examined the sale and purchase agreement, and discussed with management and their external specialists on the purchase price allocation and valuation of intangible assets acquired. We had assessed whether the intangible assets recognised are in compliance with FRS 38 *Intangible Assets.* We had also engaged our internal valuation specialists to assist in the evaluation of the appropriateness of the methodologies and key assumptions used in deriving the purchase price and the allocated values to the intangible assets acquired and comparison to generally accepted market practices.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2017, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISOTEAM LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Tiang Yii.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue	3	**82,922**	94,149
Cost of sales		**(61,286)**	(69,993)
Gross profit		**21,636**	24,156
Other income	4	**2,662**	1,926
Marketing and distribution expenses		**(1,375)**	(1,844)
General and administrative expenses		**(15,083)**	(12,067)
Finance costs	5	**(493)**	(383)
Other operating expenses		**(352)**	(1,497)
Profit before tax	6	**6,995**	10,291
Tax expense	8	**(260)**	(709)
Profit for the year		**6,735**	9,582
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation gain		**1**	1
Other comprehensive income for the year, net of tax		**1**	1
Total comprehensive income for the year		**6,736**	9,583
Profit attributable to:			
Equity holders of the Company		**6,447**	9,227
Non-controlling interests		**288**	355
		6,735	9,582
Total comprehensive income attributable to:			
Equity holders of the Company		**6,454**	9,228
Non-controlling interests		**282**	355
		6,736	9,583
Earnings per share attributable to equity holders of the Company			
Basic and diluted (cents)	9	**2.27**	3.23

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	10	**29,725**	16,429	**–**	–
Goodwill	11	**2,658**	2,658	**–**	–
Intangible assets	12	**4,650**	2,243	**–**	–
Other investments	13	**6,462**	1,477	**5,000**	–
Investment in subsidiaries	14	**–**	–	**35,767**	27,604
Total non-current assets		**43,495**	22,807	**40,767**	27,604
Current assets					
Due from customers for contract work-in-progress	15	**20,332**	17,053	**–**	–
Intangible assets	12	**–**	77	**–**	–
Other investments	13	**–**	984	**–**	–
Inventories	16	**271**	180	**–**	–
Trade and other receivables	17	**23,265**	19,105	**9,456**	4,686
Cash and bank balances	18	**14,830**	34,148	**1,303**	7,158
Total current assets		**58,698**	71,547	**10,759**	11,844
Total assets		**102,193**	94,354	**51,526**	39,448
Non-current liabilities					
Finance lease liabilities	19	**1,752**	1,733	**–**	–
Deferred tax liabilities	20	**1,575**	869	**–**	–
Bank borrowings	21	**11,701**	2,162	**–**	–
Other payable	22	**600**	–	**600**	–
Total non-current liabilities		**15,628**	4,764	**600**	–
Current liabilities					
Due to customers for contract work-in-progress	15	**2,371**	8,638	**–**	–
Bank borrowings	21	**6,408**	4,131	**3,179**	1,209
Trade and other payables	22	**17,887**	21,410	**3,991**	3,415
Finance lease liabilities	19	**972**	792	**–**	–
Tax payables		**158**	707	**–**	–
Total current liabilities		**27,796**	35,678	**7,170**	4,624
Total liabilities		**43,424**	40,442	**7,770**	4,624
Net assets		**58,769**	53,912	**43,756**	34,824
Share capital and reserves					
Share capital	23(a)	**29,618**	29,618	**29,618**	29,618
Treasury shares	23(b)	**(562)**	(373)	**(562)**	(373)
Accumulated profits		**36,038**	31,726	**14,597**	5,623
Foreign currency translation reserve	24	**8**	1	**–**	–
Merger reserve	25	**(7,338)**	(7,338)	**–**	–
Other reserves		**(4)**	(151)	**103**	(44)
Equity attributable to equity holders of the Company		**57,760**	53,483	**43,756**	34,824
Non-controlling interests		**1,009**	429	**–**	–
Total equity		**58,769**	53,912	**43,756**	34,824

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of the Company								
	Share capital $'000	Accumulated profits $'000	Merger reserve $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2017									
Balance at 1.7.2016	29,618	31,726	(7,338)	(373)	1	(151)	53,483	429	53,912
Profit for the year	–	6,447	–	–	–	–	6,447	288	6,735
Other comprehensive income									
Foreign currency translation gain (Note 24)	–	–	–	–	7	–	7	(6)	1
Other comprehensive income for the year, net of tax	–	–	–	–	7	–	7	(6)	1
Total comprehensive income for the year	–	6,447	–	–	7	–	6,454	282	6,736
Contributions by and distributions to equity holders									
Dividend (Note 27)	–	(2,135)	–	–	–	–	(2,135)	–	(2,135)
Purchase of treasury shares	–	–	–	(1,626)	–	–	(1,626)	–	(1,626)
Treasury shares reissued pursuant to acquisition of a subsidiary (Note 23(b))	–	–	–	1,437	–	147	1,584	–	1,584
	–	(2,135)	–	(189)	–	147	(2,177)	–	(2,177)
Changes in ownership interest in a subsidiary									
Incorporation of a subsidiary	–	–	–	–	–	–	–	298	298
Total transactions with equity holders of the Company	–	(2,135)	–	(189)	–	147	(2,177)	298	(1,879)
Balance at 30.6.2017	**29,618**	**36,038**	**(7,338)**	**(562)**	**8**	**(4)**	**57,760**	**1,009**	**58,769**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	← Attributable to equity holders of the Company →								
	Share capital $'000	Accumulated profits $'000	Merger reserve $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Other reserves $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2016									
Balance at 1.7.2015	29,618	24,143	(7,338)	–	–	(107)	46,316	67	46,383
Profit for the year	–	9,227	–	–	–	–	9,227	355	9,582
Other comprehensive income									
Foreign currency translation gain (Note 24)	–	–	–	–	1	–	1	–	1
Other comprehensive income for the year, net of tax	–	–	–	–	1	–	1	–	1
Total comprehensive income for the year	–	9,227	–	–	1	–	9,228	355	9,583
Contributions by and distributions to equity holders									
Dividend (Note 27)	–	(1,644)	–	–	–	–	(1,644)	–	(1,644)
Purchase of treasury shares	–	–	–	(1,966)	–	–	(1,966)	–	(1,966)
Treasury shares reissued pursuant to acquisition of a subsidiary (Note 23(b))	–	–	–	1,593	–	(44)	1,549	–	1,549
	–	(1,644)	–	(373)	–	(44)	(2,061)	–	(2,061)
Changes in ownership interest in a subsidiary									
Incorporation of a subsidiary	–	–	–	–	–	–	–	7	7
Total transactions with equity holders of the Company	–	(1,644)	–	(373)	–	(44)	(2,061)	7	(2,054)
Balance at 30.6.2016	29,618	31,726	(7,338)	(373)	1	(151)	53,483	429	53,912

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017 $'000	2016 $'000 (Restated)
Cash flows from operating activities		
Profit before tax	**6,995**	10,291
Adjustments for:		
Amortisation of intangible assets	**1,585**	1,498
Amortisation of fair value adjustment on contract work-in-progress	**140**	1,104
Depreciation of property, plant and equipment	**2,247**	2,107
Gain on disposal of property, plant and equipment (net)	**(304)**	(520)
Interest income	**(261)**	(336)
Interest expense	**446**	304
Property, plant and equipment written off	**12**	2
Allowance for doubtful receivables (net)	**1,420**	2
Bad debts written off	**33**	25
Bad debts written back	**(54)**	–
Inventories written off	**36**	–
Bargain on purchase	**(228)**	–
Operating profit before working capital changes	**12,067**	14,477
Contract work-in-progress	**(7,638)**	(2,462)
Trade and other receivables	**(2,831)**	4,781
Trade and other payables	**(5,673)**	530
Inventories	**(127)**	(22)
Cash (used in)/generated from operations	**(4,202)**	17,304
Interest received	**261**	336
Interest paid	**(446)**	(298)
Tax paid	**(1,153)**	(1,735)
Net cash (used in)/generated from operating activities	**(5,540)**	15,607
Cash flows from investing activities		
Purchase of other investments	**(5,000)**	(2,067)
Net cash outflows on acquisition of subsidiaries (Note 14(iv))	**(3,287)**	(2,171)
Purchases of property, plant and equipment (Note A)	**(14,400)**	(7,229)
Proceeds from disposal of property, plant and equipment	**508**	1,002
Proceeds from disposal of other investments	**1,000**	–
Net cash used in investing activities	**(21,179)**	(10,465)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	2017 $'000	2016 $'000 (Restated)
Cash flows from financing activities		
Fixed deposits pledged to bank	**–**	(191)
Fixed deposits released from pledge	**550**	–
Drawndown of bank borrowings	**12,249**	2,547
Repayment of bank borrowings	**(702)**	(1,486)
Repayment of finance lease	**(952)**	(725)
Dividend paid	**(2,135)**	(1,644)
Capital contributed by non-controlling interest	**298**	7
Purchase of treasury shares	**(1,626)**	(1,966)
Net cash generated from/(used in) financing activities	**7,682**	(3,458)
Net (decrease)/increase in cash and cash equivalents	**(19,037)**	1,684
Cash and cash equivalents at beginning of financial year	**32,359**	30,675
Cash and cash equivalents at end of financial year	**13,322**	32,359

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)	**9,994**	16,111
Fixed deposits (Note 18)	**4,836**	18,037
	14,830	34,148
Less: Fixed deposits pledged (Note 18)	**(1,239)**	(1,789)
Less: Bank overdrafts	**(269)**	–
	13,322	32,359

Note A

The Group acquired property, plant and equipment with an aggregate cost of $15,129,000 (2016: $9,068,000) and an increase in other payables of $Nil (2016: $39,000). The addition were by way of cash payments of $14,400,000 (2016: $7,229,000) and finance lease of $729,000 (2016: $1,800,000).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

1 CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is at No. 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 presented in Singapore dollar ($), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs"). 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 FRSs 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 judgement 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(bb) 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.

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 30 June 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the impact of applying the new standard on the Group's financial statements. The Group plans to adopt the standard when it becomes effective in the financial year ending 30 June 2019.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

(a) *Classification and measurement*

While the Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109:

- Unquoted equity securities which are currently classified as available-for-sale financial asset but measured at cost under FRS 39 will be measured at fair value under FRS 109 and the Group is likely to present changes in fair value of those assets in other comprehensive income.

- Loans and receivables and held-to-maturity investment that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The Group has not undertaken a detailed assessment of the impact of the impairment provisions under FRS 109 but the Group expects that the new expected loss model may result in an earlier recognition of credit losses.

The Group plans to adopt the standard when it becomes effective in financial year ending 30 June 2019.

FRS 116 Leases

FRS 116 replaces the existing FRS 17 "*Leases*". It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) for the reporting year ending 31 December 2018 onwards. The Group will assess the potential impact of adopting this new framework on the financial statements and plans to adopt the framework on the required effective date.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

A bargain purchase gain is recognised directly in the consolidated statement of comprehensive income.

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) Other intangible assets

Other intangible assets which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight-line basis over the period of the expected benefits as follows:

Brand	– 10 years
Licences	– 9 to 29 months
Service agreements	– 3 years
Favourable contract	– 10 months
Customer relationship	– 7 years

Order book is amortised using the percentage of the actual realisation of order book not exceeding 2 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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	3 – 5
Renovation	5
Office equipment and fittings	3 – 5
Site equipment and fittings	5 – 6
Motor vehicles	5 – 10
Gondolas and machineries	3 – 10
Computers	3
Leasehold properties	6 – 55

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 2017

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, available-for-sale financial assets 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

Held-to-maturity investments are 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.

Financial assets, available-for-sale

Financial assets, include equity and debt securities, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the assets within 12 months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

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.

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

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. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment loss.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

Impairment (cont'd)

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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) Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in other reserves. Voting rights related to treasury shares are nullified for the Group and no dividend is allocated to them respectively.

(n) Merger reserve

Entities under common control acquired during the restructuring exercise in 2013 are accounted for by applying the pooling of interest method. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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) as set out in note 2(g).

Service income is recognised upon the performance of the services.

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.

(p) 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.

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

(v) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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.

(w) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Functional and foreign currencies (cont'd)

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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

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.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) 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, bank overdrafts that form an integral part of the Group's cash management and excludes pledged deposits. Bank overdrafts are presented as bank borrowings on the statement of financial position.

(z) Related parties

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

(aa) 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.

(bb) 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.

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 30(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(bb) Key source of estimation uncertainty (cont'd)

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 assets 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 assets are disclosed in Notes 10, 11 and 12 respectively.

Purchases price allocation

The Group acquired a 100% equity stake in IME in January 2017. Purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The Group's disclosure on the above is set out in Note 14(iv).

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the 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 customers acknowledgement of work completed.

Significant estimates and judgements are required in determining the stage of completion, the estimated additional contract revenue to be accrued (where the work completed at year end is not yet certified) and related costs and profit margin to be recognised as well as provision for foreseeable losses. 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. The accounting policy and carrying amount for property, plant and equipment at 30 June 2017 are disclosed in Notes 2(f) and 10 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 REVENUE

	Group	
	2017 $'000	2016 $'000
Revenue from contracts	**78,762**	90,439
Revenue from other services	**3,977**	3,635
Sale of goods	**183**	75
	82,922	94,149

4 OTHER INCOME

	Group	
	2017 $'000	2016 $'000
Government grants	**604**	522
Gain on disposal of property, plant and equipment	**356**	520
Interest income	**261**	336
Rental income	**28**	37
Bargain on purchase	**228**	–
Supplier rebate	**315**	133
Others	**870**	378
	2,662	1,926

Government grants include Productivity and Innovation Credit Scheme, Wage Credit Scheme, Temporary Employment Credit and other grants.

5 FINANCE COSTS

	Group	
	2017 $'000	2016 $'000
Interest expense:		
– finance lease	**131**	95
– factoring loan	**18**	27
– term loan	**149**	97
– others	**148**	85
Bank charges	**24**	32
Factoring charges	**23**	47
	493	383

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6 PROFIT BEFORE TAX

	Group	
	2017 $'000	2016 $'000
This is arrived at after charging:		
Allowance for doubtful receivables (Note 17)	**1,420**	2
Amortisation of fair value adjustments on contract work-in-progress	**140**	1,104
Amortisation of intangible asset (Note 12)	**1,585**	1,498
Audit fee paid/payable to auditor of the Company	**204**	214
Audit fee paid/payable to other auditors	**10**	–
Fees for non-audit services payable to auditor of the Company	**49**	–
Bad debts written off (Note 17)	**33**	25
Loss on disposal of property, plant and equipment	**52**	–
Depreciation of property, plant and equipment (Note 10)	**2,247**	2,107
Personnel expenses (Note 7)	**26,600**	25,548
Property, plant and equipment written off	**12**	2
Rental expense	**490**	414

7 PERSONNEL EXPENSES

	Group	
	2017 $'000	2016 $'000
Directors of the Company:		
– Salaries and bonus	**1,523**	1,780
– CPF	**34**	33
– Fees	**141**	141
– Other short-term benefits	**108**	108
Other Directors of the subsidiaries:		
– Salaries and bonus	**1,384**	985
– CPF	**118**	82
– Fees	**162**	163
– Other short-term benefits	**217**	83
Other key management personnel (non-Directors):		
– Salaries and bonus	**362**	391
– CPF	**31**	36
– Other short-term benefits	**15**	13
Total remuneration of key management personnel	**4,095**	3,815
Staff costs:		
– Salaries and bonus	**15,585**	14,583
– CPF	**951**	731
– Other short-term benefits	**5,969**	6,419
	26,600	25,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

8 TAX EXPENSE

	Group	
	2017 $'000	2016 $'000
Tax expense attributable to profits is made up of:		
Income tax:		
– Current year	**85**	705
– Under provision in prior years	**135**	189
Deferred tax:		
– Current year	**40**	(213)
– Under provision in prior years	**–**	28
	260	709

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:

	Group	
	2017 $'000	2016 $'000
Profit before tax	**6,995**	10,291
Tax calculated at a tax rate of 17%	**1,189**	1,749
Singapore statutory stepped income exemption	**(47)**	(141)
Expenses not deductible for tax purposes	**176**	445
Income not subject to tax	**(162)**	(86)
Utilisation of prior year unrecognised deferred tax assets	**–**	(4)
Under provision of taxation in prior years	**135**	217
Deferred tax assets not recognised for the year	**105**	184
Effect of tax incentives	**(1,216)**	(1,575)
Others	**80**	(80)
	260	709

At the reporting date, the Group has unutilised tax losses of approximately $4,160,000 (2016: $3,543,000) and unabsorbed capital allowances of approximately $1,013,000 (2016: $841,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. Deferred tax assets have been recognised in respect of $Nil (2016: $344,000) and $172,000 (2016: $798,000) of such losses and capital allowances respectively. No deferred tax asset has been recognised in respect of the remaining $4,160,000 (2016: $3,199,000) and $841,000 (2016: $43,000) of such losses and capital allowances as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017 $'000	Group 2016 $'000
Profit attributable to equity holders of the Company	**6,447**	9,227
Weighted average number of ordinary shares	**284,206**	285,747
Earnings per share (cents)		
– Basic and diluted	**2.27**	3.23

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

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
Group									
2017									
Cost									
At 1.7.2016	41	957	289	489	5,546	10,800	1,024	7,069	26,215
Additions	14	37	49	42	953	622	438	12,974	15,129
Disposals	–	–	–	(16)	(360)	(299)	–	–	(675)
Acquisition of subsidiary	1	–	9	–	629	88	–	–	727
Written off	–	–	(6)	(27)	(2)	(88)	(7)	–	(130)
Exchange differences	–	–	–	–	–	(1)	(1)	–	(2)
At 30.6.2017	**56**	**994**	**341**	**488**	**6,766**	**11,122**	**1,454**	**20,043**	**41,264**
Accumulated depreciation									
At 1.7.2016	11	680	138	302	2,162	5,020	493	980	9,786
Depreciation charge	10	88	54	60	575	804	281	375	2,247
Disposals	–	–	–	(10)	(216)	(245)	–	–	(471)
Acquisition of subsidiary	1	–	7	–	72	15	–	–	95
Written off	–	–	(5)	(18)	–	(88)	(7)	–	(118)
At 30.6.2017	**22**	**768**	**194**	**334**	**2,593**	**5,506**	**767**	**1,355**	**11,539**
Net carrying value									
At 30.6.2017	**34**	**226**	**147**	**154**	**4,173**	**5,616**	**687**	**18,688**	**29,725**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Group									
2016									
Cost									
At 1.7.2015	17	851	215	384	4,876	7,548	591	3,810	18,292
Additions	25	106	69	68	1,090	4,087	364	3,259	9,068
Disposals	(1)	–	–	(4)	(636)	(839)	–	–	(1,480)
Acquisition of subsidiary	3	–	13	53	222	20	180	–	491
Written off	(3)	–	(8)	(12)	(6)	(16)	(111)	–	(156)
At 30.6.2016	41	957	289	489	5,546	10,800	1,024	7,069	26,215
Accumulated depreciation									
At 1.7.2015	6	605	93	232	2,052	4,901	270	412	8,571
Depreciation charge	5	75	42	60	476	706	175	568	2,107
Disposals	–	–	–	(3)	(408)	(587)	–	–	(998)
Acquisition of subsidiary	3	–	11	25	48	16	157	–	260
Written off	(3)	–	(8)	(12)	(6)	(16)	(109)	–	(154)
At 30.6.2016	11	680	138	302	2,162	5,020	493	980	9,786
Net carrying value									
At 30.6.2016	30	277	151	187	3,384	5,780	531	6,089	16,429

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

	Group 2017 $'000	Group 2016 $'000
Motor vehicles	**2,364**	1,743
Gondolas and machineries	**1,887**	1,617
Site equipment and fittings	**6**	2
	4,257	3,362

The leasehold properties with carrying amount of $18,688,000 (2016:$6,089,000) are mortgaged to a bank to secure banking facilities of the Group (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11 GOODWILL

	Group	
	2017 $'000	2016 $'000
Cost		
At 1 July	**3,236**	3,061
Acquisition of subsidiaries (Note 14)	**–**	175
	3,236	3,236
Accumulated impairment losses		
At 1 July and 30 June	**578**	578
Net carrying value	**2,658**	2,658

Impairment testing of goodwill

Goodwill arising from the acquisition of the subsidiaries relate to 5 cash-generating units ("CGUs") as follows:

- Repair & redecoration
- Coatings & paintings
- Landscaping works
- Leasing services
- Commercial interior designs

These CGUs are reported under "repair & redecoration", "coatings & paintings" and "others" in the operating segments. The carrying amount of goodwill allocated to each CGU are as follows:

	Group	
	2017 $'000	2016 $'000
Cash Generating Unit		
Repair & redecoration	**844**	844
Coatings & paintings	**539**	539
Landscaping works	**279**	279
Leasing services	**821**	821
Commercial interior designs	**175**	175
	2,658	2,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11 GOODWILL (CONT'D)

Impairment testing of 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. Cash flows beyond the five-year period are forecasted to be constant at the level of cash flows in year five. The rates do not exceeds the average long-term growth rate for the relevant markets. The pre-tax discount rate applied to the cash flow projections are as follows:

	Repair & redecoration/Coating & paintings/Landscaping works/ Leasing services/Commercial interior designs	
	2017	2016
Pre-tax discount rates	**11.14%**	8.85% – 11.58%

The calculations of value in use for the above CGU 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 performance, current market and economic condition as at the time of preparation and reporting date;

Budgeted revenue – Revenue is computed based on secured order book and potential contracts; 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.

Sensitivity to changes in assumptions

As at 30 June 2017, no additional impairment charge was required for goodwill arising from acquisition of subsidiaries with any reasonable change to the key assumptions applied not likely to cause the recoverable values to be below their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12 INTANGIBLE ASSETS

	Order books $'000	Brand $'000	Licenses $'000	Service agreement $'000	Customer relationship $'000	Total $'000
Group						
Non-current asset						
Cost						
At 1 July 2015	2,317	–	–	–	–	2,317
Acquisition of subsidiary	–	1,362	43	97	–	1,502
At 30 June 2016	2,317	1,362	43	97	–	3,819
Acquisition of subsidiary (Note 14(iv))	2,805	–	–	88	1,022	3,915
At 30 June 2017	**5,122**	**1,362**	**43**	**185**	**1,022**	**7,734**
Accumulated amortisation						
At 1 July 2015	193	–	–	–	–	193
Amortisation	1,288	68	11	16	–	1,383
At 30 June 2016	1,481	68	11	16	–	1,576
Amortisation	1,234	136	18	47	73	1,508
At 30 June 2017	**2,715**	**204**	**29**	**63**	**73**	**3,084**
Net carrying amount						
At 30 June 2016	836	1,294	32	81	–	2,243
At 30 June 2017	**2,407**	**1,158**	**14**	**122**	**949**	**4,650**

	Favourable contract $'000
Group	
Current asset	
Cost	
At 1 July 2015	–
Acquisition of subsidiary	192
At 30 June 2016, 1 July 2017 and 30 June 2017	192
Accumulated amortisation	
At 1 July 2015	–
Amortisation	115
At 30 June 2016	115
Amortisation	77
At 30 June 2017	192
Net carrying value	
At 30 June 2016	77
At 30 June 2017	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13 OTHER INVESTMENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Held-to-maturity investment				
– Structured deposit with a financial institution	**400**	400	**–**	–
– 4.60% p.a. SGD corporate bond due 19 January 2021 (unquoted)	**1,062**	1,077	**–**	–
Available-for-sale financial assets				
– Equity securities (unquoted)	**5,000**	–	**5,000**	–
	6,462	1,477	**5,000**	–
Current				
Held-to-maturity investment				
– 7% p.a. SGD corporate bond due 27 April 2017 (quoted)	**–**	984	**–**	–

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 a bank as collateral for the bank borrowings.

The structured deposit has a fair value at the reporting date amounting to $400,000 (2016: $398,000). 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.

The quoted and unquoted bonds have fair values at the reporting date amounting to $Nil (2016: $956,000) and $1,074,000 (2016: $1,071,000) respectively. The fair values are determined based on indicative mid market price as at the reporting date, which is classified in Level 2 of the fair value hierarchy.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost		
Balance at beginning of financial year	**30,185**	26,136
Capitalisation of debts owing by a subsidiary	**–**	100
Acquisition during financial year	**6,459**	3,949
Incorporation of a subsidiary	**365**	–
Increase of share capital by a subsidiary	**1,500**	–
	38,509	30,185
Less: Allowance for impairment in value	**(2,742)**	(2,581)
	35,767	27,604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Movement in allowance for impairment in value are as follows:

	Company	
	2017 $'000	2016 $'000
Balance at beginning of financial year	**2,581**	2,090
Allowance made	**161**	491
Balance at end of financial year	**2,742**	2,581

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

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2017 %	2016 %
Held by the Company			
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
ISOTeam Green Solutions Pte. Ltd.* (Singapore) (formerly known as ITG-Green Technologies Pte. Ltd.)	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) ("ISW")	Provision of reroofing and waterproofing services	**100**	100
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**	100
ISOTeam C&P Pte. Ltd.* (Singapore)	Provision of Coatings and Paintings services and Repair and Redecoration services	**100**	100
ISO-Landscape Pte. Ltd.* (Singapore)	Provision of landscape care and maintenance service activities	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017 %	2016 %
Held by the Company (cont'd)			
ISOTeam Access Pte. Ltd.* (Singapore)	Leasing of boom lift and related machineries	**100**	100
ISOTeam TMG Pte. Ltd.* (Singapore) ("TMG")	Provision of Addition and Alteration services and commercial interior designs	**100**	100
ITG Projects Sdn. Bhd.** (Malaysia)	Provision of interior design services	**55**	–
ISO-Integrated M&E Pte. Ltd.* (Singapore)	Provision of electrical engineering services	**100**	–
Held by TMS Alliances Pte. Ltd.			
ISOTeam TMS (Myanmar) Limited#	Provision of Repair and Redecoration services	**90**	90

* Audited by Baker Tilly TFW LLP, Singapore
** Audited by independent overseas member firm of Baker Tilly International
\# Audited by Win Thin & Associates, Myanmar

(ii) Incorporation of subsidiary

During the financial year, the Company incorporated a subsidiary known as ITG Projects Sdn. Bhd. with a registered capital of $663,400.

(iii) Increase of issued and paid-up share capital in a wholly-owned subsidiary

During the financial year, the Company increased its investment in ISOTeam C&P Pte. Ltd., a wholly-owned subsidiary of the Company, by subscribing for an additional 1,500,000 ordinary shares for a total consideration of $1,500,000 without any change in percentage of equity interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Acquisition of subsidiaries

2017

On 12 January 2017 (the "Acquisition Date"), the Company acquired a 100% equity interest in ISO-Integrated M&E Pte. Ltd. ("IME") to enhance its skillset in electrical engineering works and to expect the synergy value arising from the acquisition.

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

	Fair value recognised on acquisition $'000
Property, plant and equipment	632
Due from customers for contract work-in-progress	2,048
Intangible assets	3,915
Trade and other receivables	2,728
Cash and bank balances	388
	9,711
Trade and other payables	(1,667)
Finance lease liabilities	(308)
Deferred tax liabilities	(666)
Tax payables	(383)
	(3,024)
Total identifiable net assets at fair value	6,687
Bargain on purchase	(228)
	6,459
Consideration for the acquisition	
Cash paid	3,675
Treasury shares transferred (3,911,985 ordinary shares of the Company) (Note 23(b))	1,584
Treasury shares to be transferred (Note 22)	1,200
Total consideration	6,459
Effect of the acquisition of the subsidiary on cash flows	
Total consideration for equity interest acquired	6,459
Less: non-cash consideration	(2,784)
Consideration settled in cash	3,675
Less: cash and bank balances of the subsidiary acquired	(388)
Net cash outflows on acquisition	3,287

Treasury shares transferred as part of consideration transferred

In connection with the acquisition of the subsidiary, the Company transferred 3,911,985 treasury shares with a fair value of $0.405 per share, based on the last traded price of the ordinary shares at the share transfer date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Acquisition of subsidiaries (cont'd)

(b) Transaction costs

Transaction costs related to the acquisition of $37,000 (2016: $37,000) have been recognised in the "general and administrative expenses" in the Group's profit or loss for the year ended 30 June 2017.

(c) Bargain on purchase

The bargain on purchase of $228,000 have been recognised in the "other income" in the Group's profit or loss for the year ended 30 June 2017.

(d) Impact of the acquisition on profit or loss

The acquired subsidiary contributed revenues of $3,582,000 and net profit of $264,000 to the Group for the period from 11 January 2017 to 30 June 2017. If the acquisition had occurred on 1 July 2016, the Group revenue would have been $87,278,000 and the net profit would have been $7,160,000.

(e) Profit guarantee

As part of the purchase agreement with the previous shareholder of IME, a profit guarantee provision has been agreed.

In the event that IME fails to achieve a cumulative profit before tax of an aggregate sum representing at least 12% of the Existing Order Book ("Profit Guarantee") and maintain the Existing Order Book to be not less than $13,118,847, the shareholder has undertaken to pay a cash sum being the difference between the Profit Guarantee and the actual profit before tax achieved for the warranty period (from 1 October 2016 to 30 September 2019).

The Group has recognised a receivable sum of $223,000 (included in sundry receivables (Note 17) for the estimated shortfall in required profits from projects undertaken by IME as of acquisition date.

(f) Provisional accounting for the acquisition of IME

The Group has engaged an independent valuer to determine and allocate the fair value of the intangible assets acquired. As at 31 December 2016, the fair value of the intangible assets amounting to $3,915,000 has been determined on a provisional basis as the final results of the independent valuation have not been received as at the date of this report.

Should there be a significant difference between the provisional amounts recognised and the final amounts, these differences shall be retrospectively adjusted within the measurement period not exceeding one year from the acquisition date.

(v) The management does not consider the subsidiaries' non-controlling interests to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not disclosed.

(vi) Impairment review of investment in subsidiaries

During the financial year, management made impairment loss for the full cost of investment in a subsidiary of $161,000 as the subsidiary has been making losses in the current and past financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

	Group	
	2017 $'000	2016 $'000
Aggregate costs incurred to-date	**112,665**	70,983
Attributable profits recognised to-date	**30,057**	16,772
	142,722	87,755
Less: Progress billings	**(124,761)**	(79,340)
	17,961	8,415
Presented as:		
Due from customers for contract work-in-progress	**20,332**	17,053
Due to customers for contract work-in-progress	**(2,371)**	(8,638)
	17,961	8,415

16 INVENTORIES

	Group	
	2017 $'000	2016 $'000
Trading stocks	**271**	180
Inventories directly written off to profit or loss	**36**	–

Inventories included as cost of sales and cost of contracts amounted to $183,000 (2016: $246,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables:				
– third parties	**14,416**	14,405	**–**	–
Less: Allowance for doubtful debts	**(1,540)**	(143)	**–**	–
	12,876	14,262	**–**	–
– related parties	**11**	1	**–**	–
	12,887	14,263	**–**	–
Retention sums on contracts:				
– third parties	**4,128**	2,662	**–**	–
– related parties	**–**	8	**–**	–
GST receivables	**887**	3	**–**	–
Sundry deposits	**968**	1,133	**–**	–
Prepayment	**535**	660	**8**	8
Sundry receivables:				
– third parties	**3,860**	376	**–**	–
– subsidiaries	**–**	–	**9,448**	4,678
	23,265	19,105	**9,456**	4,686

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

	Group	
	2017 $'000	2016 $'000
At 1 July	**143**	212
Allowance made (Note 6)	**1,420**	2
Written off against allowance	**(23)**	(71)
At 30 June	**1,540**	143
Bad debts directly written off to profit or loss (Note 6)	**33**	25

Included in sundry receivables are estimated profit guarantee sums recoverable in connection with the acquisition of subsidiaries totalling $2,205,000 (2016: $nil).

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 $nil (2016: $4,080,000) 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 2017

18 CASH AND BANK BALANCES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash in hand and at bank	**9,994**	16,111	**1,303**	5,147
Fixed deposits	**4,836**	18,037	**–**	2,011
	14,830	34,148	**1,303**	7,158

Fixed deposits were placed with the reputable financial institutions and matured within 1 to 10 months (2016: 1 to 10 months) from the reporting date. The effective interest rates at year end ranged from 0.10% to 1.32% (2016: 0.10% to 1.70%) per annum.

Fixed deposits include an amount of $1,239,000 (2016: $1,789,000) which have been pledged to banks as collateral for bank borrowings (Note 21).

Cash at bank includes an amount of $Nil (2016: $3,094,000) 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group				
Within 1 financial year	**1,078**	898	**972**	792
Within 2 to 5 financial years	**1,832**	1,814	**1,700**	1,676
After 5 financial years	**53**	58	**52**	57
Total minimum lease payments	**2,963**	2,770	**2,724**	2,525
Less: future finance charges	**(239)**	(245)	**–**	–
	2,724	2,525	**2,724**	2,525
Representing finance lease liabilities:				
– Current	**972**	792		
– Non-current	**1,752**	1,733		
	2,724	2,525		

The finance leases bear effective rates of interest between 3.05% to 7.69% (2016: 2.56% to 7.69%) per annum.

Certain Directors of the Company have provided personal guarantees for finance lease liabilities amounting to $319,000 (2016: $82,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

20 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities are as follows:

	Group	
	2017 $'000	2016 $'000
At 1 July	**869**	681
Acquisition of subsidiary	**666**	373
Tax charged to profit or loss	**40**	(185)
At 30 June	**1,575**	869

Deferred tax liabilities as at 30 June relates to the following:

	Group	
	2017 $'000	2016 $'000
Deferred tax liabilities		
Differences in depreciation for tax purposes	**875**	678
Fair value adjustment on business combination	**788**	420
	1,663	1,098
Deferred tax assets		
Unabsorbed capital allowances and unutilised tax losses	**(29)**	(194)
Others	**(59)**	(35)
	(88)	(229)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

21 BANK BORROWINGS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current liabilities				
Loan I	**580**	613	**–**	–
Loan II	**1,060**	1,549	**–**	–
Loan III	**509**	–	**–**	–
Loan IV	**9,552**	–	**–**	–
	11,701	2,162	**–**	–
Current liabilities				
Factoring loan	**1**	228	**–**	–
Trust receipts	**1,889**	1,436	**–**	–
Bank overdraft	**269**	–	**–**	–
Loan I	**34**	33	**–**	–
Loan II	**489**	484	**–**	–
Loan III	**118**	741	**–**	–
Loan IV	**429**	–	**–**	–
Loan V	**3,179**	1,209	**3,179**	1,209
	6,408	4,131	**3,179**	1,209

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within 1 year	**6,408**	4,131	**3,179**	1,209
Within 2 to 5 years	**3,446**	1,689	**–**	–
Over 5 years	**8,255**	473	**–**	–
	18,109	6,293	**3,179**	1,209

All borrowings are charged at floating rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

21 BANK BORROWINGS (CONT'D)

Group

(a) Security granted

The bank borrowings included secured borrowings of $14,930,000 (2016: $5,084,000) which are secured by:

(i) charges over fixed deposits (Note 18);

(ii) mortgage over the Group's leasehold properties (Note 10);

(iii) first fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited; and

(iv) corporate guarantee from the Company and a subsidiary.

The unsecured bank loans V of $3,179,000 (2016: $1,209,000) are covered by a corporate guarantee by a subsidiary.

(b) Fair value of non-current borrowings

	Group	
	2017 $'000	2016 $'000
Term loan I	**463**	492
Term loan II	**1,014**	1,467
Term loan III	**472**	–
Term loan IV	**8,005**	–
	9,954	1,959

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the Directors expect to be available to the Group as follows:

	Group	
	2017 %	2016 %
Term loan I	**2.60**	2.40
Term loan II	**1.78**	1.78
Term loan III	**2.14**	–
Term loan IV	**1.58**	–

The fair values are within Level 2 of the fair values hierarchy.

Company

The bank loans are unsecured, repayable on demand and covered by a corporate guarantee by a subsidiary. The variable interest rate charged at year end ranged from 3.80% - 4.10% (2016: 4.30% – 4.40%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Trade payables:				
– third parties	**10,078**	13,072	**20**	8
– related parties	**522**	563	**–**	–
GST payables	**588**	667	**17**	29
Retention payables:				
– third parties	**2,553**	2,832	**–**	–
– related parties	**397**	393	**–**	–
Other payables:				
– third parties	**1,058**	828	**600**	–
– subsidiaries (non-trade)	**–**	–	**2,800**	2,401
Accrued operating expenses	**2,691**	3,055	**554**	977
	17,887	21,410	**3,991**	3,415
Non-current				
Other payable	**600**	–	**600**	–

Included in other payable is $1.2 million relating to remaining consideration payable in connection with the acquisition of IME (Note 14(iv)).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	2017		2016	
	Number of issued shares '000	Issued share capital $'000	Number of issued shares '000	Issued share capital $'000
Group				
At 1 July	**285,866**	**29,618**	142,933	29,618
Bonus shares issued during the year	**–**	**–**	142,933	–
At 30 June	**285,866**	**29,618**	285,866	29,618
Company				
At 1 July	**285,866**	**29,618**	142,933	29,618
Bonus shares issued during the year	**–**	**–**	142,933	–
At 30 June	**285,866**	**29,618**	285,866	29,618

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares (except treasury 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.

(b) Treasury shares

	Group and Company			
	2017		2016	
	Number of shares '000	$'000	Number of shares '000	$'000
At 1 July	**1,200**	**373**	–	–
Share buyback	**4,191**	**1,626**	3,680	1,966
Treasury shares reissued pursuant to the acquisition of a subsidiary (Note 14(iv))	**(3,912)**	**(1,584)**	(2,540)	(1,549)
Gain/(loss) on reissuance of treasury shares transferred to other reserves	**–**	**147**	–	(44)
Bonus shares issued during the year	**–**	**–**	60	–
At 30 June	**1,479**	**562**	1,200	373

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

The Company acquired 4,191,000 (2016: 3,680,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,626,000 (2016: $1,966,000) and this was recorded as a component within shareholders' equity.

3,911,985 (2016: 2,539,683) treasury shares were transferred as part consideration for acquisition of a subsidiary (Note 14(iv)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

24 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2017 $'000	2016 $'000
At 1 July	**1**	–
Foreign currency translation	**7**	1
At 30 June	**8**	1

25 MERGER RESERVE

Merger reserve represents the differences between the consideration paid and the share capital of subsidiaries when entities under common controls are accounted for applying the pooling of interest method.

26 CONTINGENT LIABILITIES

As at 30 June 2017, the Company has provided corporate guarantees of $39,004,000 (2016: $25,252,000) to banks for bank borrowings of $14,930,000 (2016: $3,421,000) 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 opinion that the requirement to reimburse is remote.

27 DIVIDEND

	Company	
	2017 $'000	2016 $'000
Dividend paid:		
Final exempt (one-tier) dividend of 0.75 cents (2015: 1.15 cents) per share paid in respect of FY2016 (2016: FY2015)	**2,135**	1,644

The Directors have proposed a final tax-exempt (one-tier) dividend of 0.65 cents per ordinary share amounting to $1.8 million based on 284,387,041 ordinary shares. These financial statements do not reflect this dividend payable which will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the year ending 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28 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:

	2017 $'000	2016 $'000
Group		
With related parties		
Income		
Sales	**(74)**	(317)
Expenses		
Purchases	**1,651**	2,473
Sub-contractors' cost	**821**	1,989
Testing fee	**127**	214
Others		
Payment on behalf	**93**	331
Receipts on behalf	**(25)**	(4)
Compensation of key management personnel		
– Salaries and bonus	**3,269**	3,156
– CPF	**183**	151
– Fee	**303**	304
– Other short-term benefits	**340**	204
	4,095	3,815
Company		
With subsidiaries		
Financial assistance for purchase of property, plant and equipment	**2,449**	549
Payment on behalf	**–**	502
Receipts on behalf	**(480)**	(410)
Loan	**2,050**	2,715
Repayment of loan	**–**	(1,015)
Income		
Management fee	**(1,423)**	(1,534)
Dividend	**(12,000)**	(6,000)
Interest income	**(111)**	(87)
Expenses		
Recharge of expense	**1,665**	1,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

29 OPERATING LEASE COMMITMENTS

The Group leases various offices, motor vehicles, copiers, 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	
	2017 $'000	2016 $'000
Not later than one year	**728**	334
Between two and five years	**66**	67
	794	401

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

30 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets				
Loans and receivables				
Trade and other receivables	**21,843**	18,442	**9,448**	4,678
Cash and bank balances	**14,830**	34,148	**1,303**	7,158
	36,673	52,590	**10,751**	11,836
Held-to-maturity				
Structured deposits	**400**	400	**–**	–
Investment in bonds	**1,062**	2,061	**–**	–
	1,462	2,461	**–**	–
Available-for-sale financial asset, at cost	**5,000**	–	**5,000**	–
Financial liabilities				
Trade and other payables	**16,271**	20,332	**3,374**	3,386
Finance lease liabilities	**2,724**	2,525	**–**	–
Bank borrowings	**18,109**	6,293	**3,179**	1,209
At amortised cost	**37,104**	29,150	**6,553**	4,595

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

30 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 significant 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 other investments (Note 13), 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 is not expected to have a 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 10 debtors (2016: 8 debtors) that represented approximately 61% (2016: 57%) of the trade receivables.

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position and a nominal amount of $14,930,000 (2016: $3,421,000) relating to corporate guarantees provided by the Company to financial institutions in relation to certain subsidiaries' bank facilities.

Financial assets that are neither past due nor impaired

Investment in bonds that are neither past due nor impaired are issued by an institution which has high credit-rating assigned by international credit-rating agency and another institution which is not rated.

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 2017

30 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	
	2017 $'000	2016 $'000
Not past due and not impaired	**12,202**	10,609
Past due but not impaired	**4,813**	6,324
Past due and impaired	**1,540**	143
	18,555	17,076

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

	Group	
	2017 $'000	2016 $'000
Past due < 60 days	**2,589**	3,814
Past due 61 to 120 days	**719**	882
Past due over 121 days	**1,505**	1,628
	4,813	6,324

Full allowance for doubtful receivables was made for impaired receivables of $1,420,000 (2016: $2,000).

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 2017

30 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
Group				
At 30 June 2017				
Trade and other payables	16,271	–	–	16,271
Finance lease liabilities	1,078	1,832	53	2,963
Bank borrowings	6,694	4,267	9,602	20,563
	24,043	**6,099**	**9,655**	**39,797**
At 30 June 2016				
Trade and other payables	20,332	–	–	20,332
Finance lease liabilities	898	1,814	58	2,770
Bank borrowings	4,262	1,827	615	6,704
	25,492	3,641	673	29,806
Company				
At 30 June 2017				
Trade and other payables	3,374	–	–	3,374
Bank borrowings	3,221	–	–	3,221
Financial guarantee contracts	14,930	–	–	14,930
	21,525	**–**	**–**	**21,525**
At 30 June 2016				
Trade and other payables	3,386	–	–	3,386
Bank borrowings	1,227	–	–	1,227
Financial guarantee contracts	3,421	–	–	3,421
	8,034	–	–	8,034

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

30 FINANCIAL INSTRUMENTS (CONT'D)

(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.

The carrying amounts of non-current finance lease liabilities, other payable and structured deposits approximate their fair values as these financial instruments either bear interest rates which approximate the market interest rates at the reporting date or are floating rate loans that are repriced to market interest rates on or near the end of the reporting period. These fair value measurement for disclosure purpose are categorised in Level 3 of the fair value hierarchy.

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).

Assets not carried at fair value but fair values are disclosed

Level 2 fair value measurements

The held-to-maturity corporate bonds (unquoted) and bank borrowings (non-current) are classified as Level 2.

The fair value of the held-to-maturity corporate bonds are determined using quoted market prices in less active markets.

The fair value of the bank borrowings are determined using the cash flow analyses, discounted at market borrowing rates of an equivalent instruments at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

30 FINANCIAL INSTRUMENTS (CONT'D)

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

Assets not carried at fair value but fair values are disclosed (cont'd)

Level 3 Fair value measurements

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.

31 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.

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 2016.

The Group are in compliance with all externally imposed capital requirements for financial years ended 30 June 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

32 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"), Addition and Alteration ("A&A") and Coatings and Paintings ("C&P").

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

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

C&P focuses mainly on coatings and paintings works.

Others segments focus mainly on commercial interior design, home retrofitting, landscaping works, leasing services, waterproofing, green solutions and maintenance & electrical service.

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:

2017	R&R $'000	A&A $'000	C&P $'000	Others $'000	Total $'000
Segment revenue	20,900	32,385	14,317	15,320	82,922
Segment profits	4,195	7,222	2,549	(1,899)	**12,067**
Depreciation and amortisation					(3,972)
Other non-cash expense					(868)
Interest income					261
Finance costs					(493)
Profit before tax					**6,995**
Segment assets	17,731	13,584	3,149	18,062	52,526
Unallocated assets					49,667
Total assets					**102,193**
Segment liabilities	1,974	462	1,700	7,099	11,235
Unallocated liabilities					32,189
Total liabilities					**43,424**
Other segments items					
Capital expenditure property, plant and equipment					15,129
Depreciation of property, plant and equipment					2,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

32 SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows (cont'd):

2016 (Restated)	R&R $'000	A&A $'000	C&P $'000	Others $'000	Total $'000
Segment revenue	40,248	24,390	11,750	17,761	94,149
Segment profits	10,664	2,895	1,273	(278)	14,554
Depreciation and amortisation					(4,709)
Other non-cash expense					493
Interest income					336
Finance costs					(383)
Profit before tax					10,291
Segment assets (restated)	21,659	12,148	6,129	16,173	56,109
Unallocated assets					38,245
Total assets					94,354
Segment liabilities	6,419	3,552	985	5,659	16,615
Unallocated liabilities					23,827
Total liabilities					40,442
Other segments items					
Capital expenditure property, plant and equipment					9,068
Depreciation of property, plant and equipment					2,107

Segment reporting

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 and finance costs are not allocated to segments as the Group financing is managed on a group basis.

Management monitors the assets and liabilities attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

32 SEGMENT INFORMATION (CONT'D)

Information about major customers

Revenue from 1 (2016: 2) of the Group's major customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	Group 2017 $'000	Group 2016 $'000
Customer 1	R&R, A&A and Others	–	19,485
Customer 2	R&R	–	9,551
Customer 3	A&A and Others	**10,122**	–
		10,122	29,036

Geographical information

The Group's revenue from external customers derived predominantly from customers in Singapore. The non-current assets of the Group are predominately located in Singapore.

33 COMPARATIVE FIGURES

Certain reclassifications have been made to the previous year's financial statements to enhance comparability with the current year's presentation.

(i) Certain line items have been amended on the consolidated statement of cash flows for the previous financial year ended 30 June 2016.

The comparative figures have been restated as follows:

	As Previously reported $'000	Reclassifications $'000	As restated $'000
Group			
Consolidated statement of cash flows for the financial year ended 30 June 2016			
Cash flows from operating activities			
Amortisation of fair value adjustments on contract work in progress	–	1,104	1,104
Contract work-in-progress	(1,358)	(1,104)	(2,462)

(ii) Certain disclosures in the segment information were restated to better reflect the Group's segment results.

34 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors dated 28 September 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

SHARE CAPITAL

Issued and fully paid capital	– S$29,801,091	Class of shares	– Ordinary shares
Total number of shares in issue (excluding treasury shares)	– 283,762,041	Voting rights	– 1 vote per share
Number of treasury shares	– 2,104,549		

The Company does not have any subsidiary holdings.
0.74% of the issued ordinary shares of the Company (excluding treasury shares) were held as treasury shares.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 32.37% of the issued ordinary shares of the Company were held in the hands of the public as at 25 September 2017 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 25 SEPTEMBER 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	–	–	–	–
100 – 1,000	39	3.12	27,600	0.01
1,001 – 10,000	443	35.50	3,188,100	1.12
10,001 – 1,000,000	745	59.70	49,757,604	17.54
1,000,001 and above	21	1.68	230,788,737	81.33
Total	**1,248**	**100.00**	**283,762,041**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 25 SEPTEMBER 2017

S/N	Name of Shareholder	No. of Shares	%
1	ADD INVESTMENT HOLDING PTE LTD	79,954,406	28.18
2	CITIBANK NOMINEES SINGAPORE PTE LTD	60,961,236	21.48
3	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	15,896,556	5.60
4	CIMB SECURITIES (SINGAPORE) PTE LTD	10,825,804	3.82
5	KOH THONG HUAT	7,682,000	2.71
6	NG CHENG LIAN	7,682,000	2.71
7	TING GUAK CHOO	7,041,785	2.48
8	LIM CHIEW HOE	5,079,366	1.79
9	UOB KAY HIAN PTE LTD	4,677,700	1.65
10	OCBC SECURITIES PRIVATE LIMITED	4,311,000	1.52
11	LIM KIM HOCK	3,812,000	1.34
12	OR THIAM HUAT	3,812,000	1.34
13	WONG CHUN WENG	2,787,084	0.98
14	HONG LEONG FINANCE NOMINEES PTE LTD	2,700,000	0.95
15	CHUA HONG HUAY	2,499,000	0.88
16	DBS NOMINEES PTE LTD	2,405,900	0.85
17	RAFFLES NOMINEES (PTE) LTD	2,241,200	0.79
18	DBSN SERVICES PTE LTD	1,856,900	0.65
19	LIM JIT CHANG (LIN RICHANG)	1,848,000	0.65
20	CHEONG ZHEN WEN (ZHANG ZHENWEN)	1,692,500	0.60
	Total	**229,766,437**	**80.97**

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 25 September 2017 of 283,762,041 shares (excluding 2,104,549 treasury shares).

STATISTICS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest Number of Shares	%[1]	Deemed Interest Number of Shares	%[1]
ADD Investment Holding Pte. Ltd.[2]	79,954,406	28.18	40,000,000	14.10
Ng Cheng Lian[3]	7,682,000	2.71	119,954,406	42.27
Koh Thong Huat[3]	7,682,000	2.71	119,954,406	42.27
Foo Joon Lye[3][4]	–	–	127,636,406	44.98
Nippon Paint (Singapore) Company Private Limited[5]	15,896,556	5.60	–	–
Nippon Paint Holdings Co., Ltd.[5]	–	–	15,896,556	5.60
Nipsea International Limited[5]	–	–	15,896,556	5.60
Nipsea Holdings International Limited[5]	–	–	15,896,556	5.60
Wuthelam Holdings Limited[5]	–	–	15,896,556	5.60
Thurloe Ltd[5]	–	–	15,896,556	5.60
Rainbow Light Ltd[5]	–	–	15,896,556	5.60
Epimetheus Ltd[5]	–	–	15,896,556	5.60

Notes:

(1) Based on the issued share capital of the Company of 283,762,041 shares (excluding treasury shares and subsidiary holdings) as at 25 September 2017.

(2) ADD Investment Holding Pte. Ltd. is deemed to be interested in 40,000,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as its nominee.

(3) 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. Each of them is therefore 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.

(4) Foo Joon Lye is deemed to be interested in 7,682,000 shares in the capital of the Company held by Citibank Nominees Singapore Pte Ltd as his nominee.

(5) 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 ("**AGM**") of ISOTEAM LTD. (the "**Company**") will be held at Topaz Room, Level 2, Sheraton Towers, 39 Scotts Road, Singapore 228230, on Friday, 27 October 2017 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of a final (tax exempt one-tier) dividend of 0.65 cent per ordinary share for the financial year ended 30 June 2017. **(Resolution 2)**

3. To approve the payment of Directors' fees of $140,700 for the financial year ending 30 June 2018, to be paid quarterly in arrears. (2017: $140,700). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Regulation 107 of the Company's Constitution:

   Mr Ng Cheng Lian **(Resolution 4)**
   Mr Tan Eng Ann *(see explanatory note 1)* **(Resolution 5)**

5. To re-appoint Baker Tilly TFW LLP as 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, Chapter 50 ("**Companies Act**") and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors be authorised and empowered to: **(Resolution 7)**

   (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,

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

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 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (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 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(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 and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 Constitution of the Company for the time being; 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 AGM of the Company or the date by which the next AGM 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, 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 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 number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. **(Resolution 8)**

(see explanatory note 3)

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

8. That: **(Resolution 9)**

(1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(3) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(4) in this Resolution:

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit;

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five market days period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(5) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(see explanatory note 4)

9. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong
Lwin Lwin Aung
Company Secretaries

12 October 2017
Singapore

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

Explanatory Notes:

1. Mr Tan Eng Ann will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration 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 AGM of the Company, or the date by which the next AGM 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 earliest, 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 and subsidiary holdings), 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 AGM of the Company, or the date by which the next AGM 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 earliest, 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 number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

4. The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of the AGM until the date of the next AGM is to be held or is required by law to be held, whichever is earlier, to make purchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this notice.

Notes:

(i) (a) A member of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his stead.

(b) A member of the Company entitled to attend and vote at the AGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(ii) A proxy need not be a member of the Company.

(iii) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at No. 57 Kaki Bukit Place, Eunos Techpark, Singapore 416231 not later than 48 hours before the time appointed for the holding of the AGM.

(iv) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

ISOTEAM LTD. (REGISTRATION NUMBER 201230294M)

Personal Data Privacy:

"Personal data" in this notice of AGM 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

This notice 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 SGX-ST. The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

ISOTEAM LTD.

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

PROXY FORM

IMPORTANT

1. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, such SRS Investors shall be precluded from attending the AGM.

2. This proxy form is not valid for use by the SRS Investors and shall be ineffective for all intents and purposes it used or purported to be used by them.

I/We, ____ (Name)

(NRIC/Passport Number/Registration Number ____________________) of ____________________

____ (Address)

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

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

and/or (delete as appropriate)

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

or failing him, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at Topaz Room, Level 2, Sheraton Towers, 39 Scotts Road, Singapore 228230, on Friday, 27 October 2017 at 10.00 a.m. and at any adjournment thereof.

(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 AGM. 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 AGM and at any adjournment thereof.)

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
	Ordinary Business:		
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements together with the Independent Auditor's Report		
2.	To approve the payment of a final (tax exempt one-tier) dividend of 0.65 cent per ordinary share		
3.	To approve the payment of Directors' fees of $140,700 for the financial year ending 30 June 2018, to be paid quarterly in arrears		
4.	To re-elect Mr Ng Cheng Lian as a Director		
5.	To re-elect Mr Tan Eng Ann as a Director		
6.	To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix their remuneration		
	Special Business:		
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		
9.	To approve the renewal of Share Buyback Mandate		

Dated this ____________ day of ____________ 2017

Total Number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature(s) or Common Seal of Member(s)

* Delete where inapplicable

IMPORTANT: PLEASE READ THE 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 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, 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 the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited 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 AGM of the Company dated 12 October 2017.

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ISOTEAM LTD. ANNUAL REPORT 2017

FORTIFYING OUR POSITION

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