



ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018

PART 1 INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Unaudited Consolidated Income Statement and Statement of Comprehensive Income for the Third Quarter ("3QFY2018) and Period Ended 31 March 2018 ("9MFY2018")

	Group				Group		
	Note	Three Months Ended		Change	Nine Months Ended		Change
		31.03.18	31.03.17		31.03.18	31.03.17	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Income Statement							
Revenue		14,727	16,472	(10.6)	63,586	61,226	3.9
Cost of sales		(11,505)	(12,444)	(7.5)	(50,933)	(44,566)	14.3
Gross profit		3,222	4,028	(20.0)	12,653	16,660	(24.1)
Other income	(a)	603	692	(12.9)	1,576	1,758	(10.4)
Marketing and distribution expenses		(315)	(251)	25.5	(1,154)	(793)	45.5
General and administrative expenses		(3,070)	(3,215)	(4.5)	(9,098)	(10,698)	(15.0)
Finance costs		3	(110)	(102.7)	(368)	(350)	5.1
Other operating expenses		(106)	(90)	17.8	(328)	(261)	25.7
Profit before tax	(b)	337	1,054	(68.0)	3,281	6,316	(48.1)
Tax (expense)/ credit		(145)	19	N/M	(267)	(997)	(73.2)
Profit for the period		192	1,073	(82.1)	3,014	5,319	(43.3)
Profit attributable to:							
Equity holders of the Company		480	1,001	(52.0)	3,878	5,069	(23.5)
Non-controlling interests		(288)	72	N/M	(864)	250	N/M
		192	1,073	(82.1)	3,014	5,319	(43.3)

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

	Group				Group			
	Note	Three Months Ended		Change	Nine Months Ended		Change	
		31.03.18	31.03.17		31.03.18	31.03.17		
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	\$'000	\$'000	%	\$'000	\$'000	%		
Statement of Comprehensive Income								
Profit for the period		192	1,073	(82.1)	3,014	5,319	(43.3)	
Other comprehensive income:								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation (loss)/gain		(4)	1	N/M	4	(13)	(130.8)	
Other comprehensive (loss)/ income for the period, net of tax		(4)	1	N/M	4	(13)	(130.8)	
Total comprehensive income for the period		188	1,074	(82.5)	3,018	5,306	(43.1)	
Total comprehensive income attributable to:								
Equity holders of the Company		478	1,005	(52.4)	3,882	5,066	(23.4)	
Non-controlling interests		(290)	69	N/M	(864)	240	N/M	
		188	1,074	(82.5)	3,018	5,306	(43.1)	

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

1(a)(ii) Notes to the Consolidated Income Statement and Statement of Comprehensive Income

		Group			Group		
		Three Months Ended			Nine Months Ended		
		31.03.18	31.03.17	Change	31.03.18	31.03.17	Change
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
\$'000	\$'000	%	\$'000	\$'000	%		
(a)	<u>Other income</u>						
	Government grants	150	186	(19.4)	703	510	37.8
	Gain on disposal of property, plant and equipment	13	1	N/M	63	128	(50.8)
	Interest income	21	52	(59.6)	71	237	(70.0)
	Administrative income	20	83	(75.9)	89	212	(58.0)
	Foreign exchange gain/ (loss)	4	(5)	(180.0)	6	74	(91.9)
	Negative goodwill*	-	228	(100.0)	-	228	(100.0)
	Sales of spare parts	26	6	N/M	68	37	83.8
	Others	369	141	161.7	576	332	73.5
		603	692		1,576	1,758	
(b)	<u>Profit before tax</u>						
	This is arrived at after charging/(crediting):						
	Audit fees payable/paid to auditor of the Company	51	58	(12.1)	154	164	(6.1)
	Depreciation of property, plant and equipment	665	570	16.7	2,136	1,647	29.7
	Net loss/(gain) on disposal of property, plant and equipment	(13)	4	N/M	(32)	(76)	(57.9)
	Property, plant and equipment written off	-	2	(100.0)	1	10	(90.0)
	Amortisation of intangible assets	349	371	(5.8)	1,825	1,148	59.0
	Amortisation of fair value adjustment on contract work-in-progress	-	34	(100.0)	-	140	(100.0)
	Bad debts written back	-	(42)	(100.0)	-	(42)	(100.0)
	Allowance for doubtful receivables	-	36	(100.0)	27	722	(96.3)
	Bad debts written off	-	-	-	-	11	(100.0)

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

* An independent valuer was engaged for the purchase price allocation (PPA) exercise and the negative goodwill was based on the PPA report.

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

1(b)(i) Statements of Financial Position

	Group		Company	
	As at 31.03.18	As at 30.06.17	As at 31.03.18	As at 30.06.17
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	32,923	29,725	-	-
Intangible assets	3,103	4,650	-	-
Investment in subsidiaries	-	-	36,581	35,767
Goodwill	2,658	2,658	-	-
Other investments	6,448	6,462	5,000	5,000
	45,132	43,495	41,581	40,767
<u>Current assets</u>				
Due from customers for contract work-in progress	22,582	20,332	-	-
Inventories	579	271	-	-
Trade and other receivables	22,335	23,265	11,425	9,456
Cash and bank balances	12,482	14,830	896	1,303
Total current assets	57,978	58,698	12,321	10,759
Total assets	103,110	102,193	53,902	51,526
<u>Non-current liabilities</u>				
Bank borrowings	12,606	11,701	-	-
Finance lease liabilities	2,154	1,752	-	-
Other payable	-	600	-	600
Deferred tax liabilities	1,163	1,575	-	-
Total non-current liabilities	15,923	15,628	-	600
<u>Current liabilities</u>				
Due to customers for contract work-in-progress	1,609	2,371	-	-
Bank borrowings	7,588	6,408	3,800	3,179
Trade and other payables	15,382	17,887	4,444	3,991
Finance lease liabilities	1,066	972	-	-
Tax payables	763	158	127	-
Total current liabilities	26,408	27,796	8,371	7,170
Total liabilities	42,331	43,424	8,371	7,770
Net assets	60,779	58,769	45,531	43,756

	Group		Company	
	As at 31.03.18	As at 30.06.17	As at 31.03.18	As at 30.06.17
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Share capital and reserves				
Share capital	29,618	29,618	29,618	29,618
Treasury shares	(256)	(562)	(256)	(562)
Accumulated profits	37,944	36,038	16,094	14,597
Foreign currency translation reserve	12	8	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserves	(32)	(4)	75	103
Equity attributable to equity holders of the Company	59,948	57,760	45,531	43,756
Non-controlling interests	831	1,009	-	-
Total equity	60,779	58,769	45,531	43,756

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group		Group	
	As at 31.03.18		As at 30.06.17	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	8,654	-	7,380	-
Amount repayable after one year	14,760	-	13,453	-
	23,414	-	20,833	-

Details of any collaterals

- (a) Bank borrowings amounting to \$20.2 million are secured by:
- (i) Charges over fixed deposit;
 - (ii) Mortgage over the Group's leasehold properties;
 - (iii) First fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited; and
 - (iv) Corporate guarantee from the Company and a subsidiary.
- (b) Finance lease obligations of the Group amounting to \$3.2 million are secured by the rights to the leased equipment, machineries and motor vehicles. Certain directors of the Company have provided personal guarantees for certain of the finance lease liabilities.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(c)(i) Consolidated Statement of Cash Flows

	Note	Group		Group	
		Three Months Ended		Nine Months Ended	
		31.03.18	31.03.17	31.03.18	31.03.17
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit before income tax		337	1,054	3,281	6,316
Adjustment for: -					
Depreciation of property, plant and equipment		665	570	2,136	1,647
Net (gain)/ loss on disposal of property, plant and equipment		(13)	4	(32)	(76)
Property, plant and equipment written off		-	2	1	10
Amortisation of intangible assets		349	371	1,825	1,148
Amortisation of fair value adjustment on contract work-in-progress		-	34	-	140
Allowance for doubtful receivables		-	36	27	722
Bad debts written back		-	(42)	-	(42)
Bad debts written off		-	-	-	11
Negative goodwill		-	(228)	-	(228)
Interest income		(21)	(52)	(71)	(237)
Interest expense		(11)	105	322	331
Operating cash flows before working capital changes		1,306	1,854	7,489	9,742
Contract work-in-progress		920	(363)	(3,012)	(4,264)
Inventories		(136)	14	(308)	25
Trade and other receivables		3,705	(2,958)	696	(2,368)
Trade and other payables		(3,304)	(2,762)	(2,437)	(8,165)
Cash generated from/ (used in) operations		2,491	(4,215)	2,428	(5,030)
Interest received		28	60	85	244
Interest paid		11	(105)	(322)	(331)
Tax paid		(67)	(524)	(74)	(1,157)
Net cash generated from / (used in) operating activities		2,463	(4,784)	2,117	(6,274)
Cash flows from investing activities					
Additions to intangible assets		-	-	(60)	-
Purchases of property, plant and equipment		(1,176)	(471)	(4,094)	(1,157)
Deposit paid pursuant to acquisition of property		-	(1,000)	-	(1,000)
(Decrease in)/ proceeds from disposal of property, plant and equipment		(252)	185	61	495
Net cash outflow on acquisition of subsidiaries		-	(3,287)	-	(3,287)
Net cash used in investing activities		(1,428)	(4,573)	(4,093)	(4,949)

1(c)(i) Consolidated Statement of Cash Flows (Con't)

	Note	Group		Group	
		Three Months Ended		Nine Months Ended	
		31.03.18	31.03.17	31.03.18	31.03.17
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities					
Dividend paid		-	-	(1,972)	(2,135)
Purchase of treasury shares		(102)	-	(322)	(1,392)
Capital contributed by non-controlling interest		-	-	686	298
Due/ (repayment) to related parties (non-trade)		28	(4)	67	(4)
Fixed deposits pledged to banks		(3)	-	(1,109)	-
Fixed deposits released from pledge		-	-	-	500
Drawdown of bank borrowings		2,103	-	11,499	928
Repayment of bank borrowings		(4,371)	(737)	(9,349)	(474)
Repayment of finance lease		(364)	(246)	(899)	(701)
Net cash used in financing activities		(2,709)	(987)	(1,399)	(2,980)
Net decrease in cash and cash equivalents		(1,674)	(10,344)	(3,375)	(14,203)
Cash and cash equivalents at beginning of financial period		11,621	28,500	13,322	32,359
Cash and cash equivalents at end of financial period		9,947	18,156	9,947	18,156

1(c)(ii) Notes to the Consolidated Statement of Cash Flows

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

	Group		Group	
	Three Months Ended		Nine Months Ended	
	31.03.18	31.03.17	31.03.18	31.03.17
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	8,525	15,535	8,525	15,535
Fixed deposits	3,957	3,910	3,957	3,910
	12,482	19,445	12,482	19,445
Less: Fixed deposits pledged	(2,348)	(1,289)	(2,348)	(1,289)
Less: Bank overdrafts	(187)	-	(187)	-
	9,947	18,156	9,947	18,156

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign Currency translation reserve \$'000	Other reserves \$'000	Accumulated Profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2016	29,618	(373)	(7,338)	1	(151)	31,726	53,483	429	53,912
Profit and total comprehensive income for the period	-	-	-	-	-	977	977	150	1,127
Balance at 30 September 2016	29,618	(373)	(7,338)	1	(151)	32,703	54,460	579	55,039
Profit for the period	-	-	-	-	-	3,091	3,091	28	3,119
Other comprehensive income									
Foreign currency translation loss	-	-	-	(7)	-	-	(7)	(7)	(14)
Other comprehensive income for the period, net of tax	-	-	-	(7)	-	-	(7)	(7)	(14)
Total comprehensive income for the period	-	-	-	(7)	-	3,091	3,084	21	3,105
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(2,135)	(2,135)	-	(2,135)
Purchase of treasury shares	-	(1,392)	-	-	-	-	(1,392)	-	(1,392)
	-	(1,392)	-	-	-	(2,135)	(3,527)	-	(3,527)
Changes in ownership interest in subsidiary									
Incorporation of a subsidiary	-	-	-	-	-	-	-	298	298
								298	298
Total transactions with equity holders of the Company		(1,392)	-	-	-	(2,135)	(3,527)	298	(3,229)
Balance at 31 December 2016	29,618	(1,765)	(7,338)	(6)	(151)	33,659	54,017	898	54,915

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 31 December 2016	29,618	(1,765)	(7,338)	(6)	(151)	33,659	54,017	898	54,915
Profit for the period	-	-	-	-	-	1,001	1,001	72	1,073
Other comprehensive income									
Foreign currency translation gain/(loss)	-	-	-	4	-	-	4	(3)	1
Other comprehensive income for the period, net of tax	-	-	-	4	-	-	4	(3)	1
Total comprehensive income for the period	-	-	-	4	-	1,001	1,005	69	1,074
Contribution by and distributions to equity holders									
Treasury share reissued pursuant to acquisition of a subsidiary	-	1,456	-	-	128	-	1,584	-	1,584
	-	1,456	-	-	128	-	1,584	-	1,584
Total transactions with equity holders of the Company	-	1,456	-	-	128	-	1,584	-	1,584
Balance at 31 March 2017	29,618	(309)	(7,338)	(2)	(23)	34,660	56,606	967	57,573

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2017	29,618	(562)	(7,338)	8	(4)	36,038	57,760	1,009	58,769
Profit for the period	-	-	-	-	-	1,510	1,510	(94)	1,416
Other comprehensive income									
Foreign currency translation gain	-	-	-	1	-	-	1	-	1
Other comprehensive income for the period, net of tax	-	-	-	1	-	-	1	-	1
Total comprehensive income for the period	-	-	-	1	-	1,510	1,511	(94)	1,417
Contribution by and distributions to equity holders									
Purchase of treasury share	-	(220)	-	-	-	-	(220)	-	(220)
	-	(220)	-	-	-	-	(220)	-	(220)
Changes in ownership interest in subsidiary									
Incorporation of a subsidiary	-	-	-	-	-	-	-	490	490
								490	490
Total transactions with equity holders of the Company	-	(220)	-	-	-	-	(220)	490	270
Balance at 30 September 2017	29,618	(782)	(7,338)	9	(4)	37,548	59,051	1,405	60,456

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 30 September 2017	29,618	(782)	(7,338)	9	(4)	37,548	59,051	1,405	60,456
Profit for the period	-	-	-	-	-	1,888	1,888	(482)	1,406
Other comprehensive income									
Foreign currency translation gain	-	-	-	5	-	-	5	2	7
Other comprehensive income for the period, net of tax	-	-	-	5	-	-	5	2	7
Total comprehensive income for the period	-	-	-	5	-	1,888	1,893	(480)	1,413
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
	-	-	-	-	-	(1,972)	(1,972)	-	(1,972)
Changes in ownership interest in subsidiary									
Incorporation of a subsidiary	-	-	-	-	-	-	-	196	196
								196	196
Total transactions with equity holders of the Company	-	-	-	-	-	(1,972)	(1,972)	196	(1,776)
Balance at 31 December 2017	29,618	(782)	(7,338)	14	(4)	37,464	58,972	1,121	60,093

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 31 December 2017	29,618	(782)	(7,338)	14	(4)	37,464	58,972	1,121	60,093
Profit for the period	-	-	-	-	-	480	480	(288)	192
Other comprehensive income									
Foreign currency translation loss	-	-	-	(2)	-	-	(2)	(2)	(4)
Other comprehensive income for the period, net of tax	-	-	-	(2)	-	-	(2)	(2)	(4)
Total comprehensive income for the period	-	-	-	(2)	-	480	478	(290)	188
Contribution by and distributions to equity holders									
Purchase of treasury shares	-	(102)	-	-	-	-	(102)	-	(102)
Treasury share reissued pursuant to acquisition of a subsidiary	-	628	-	-	(28)	-	600	-	600
	-	526	-	-	(28)	-	498	-	498
Total transactions with equity holders of the Company	-	526	-	-	(28)	-	498	-	498
Balance at 31 March 2018	29,618	(256)	(7,338)	12	(32)	37,944	59,948	831	60,779

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Company	Attributable to equity holders of the Company							
	Share Capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2016	29,618	(373)	-	(44)	5,623	34,824	-	34,824
Profit and total comprehensive income for the period	-	-	-	-	102	102	-	102
Balance at 30 September 2016	29,618	(373)	-	(44)	5,725	34,926	-	34,926
Profit and total comprehensive income for the period	-	-	-	-	5,709	5,709	-	5,709
Contribution by and distributions to equity holders								
Dividend	-	-	-	-	(2,135)	(2,135)	-	(2,135)
Purchase of treasury shares	-	(1,392)	-	-	-	(1,392)	-	(1,392)
	-	(1,392)	-	-	(2,135)	(3,527)	-	(3,527)
Balance at 31 December 2016	29,618	(1,765)	-	(44)	9,299	37,108	-	37,108
Profit and total comprehensive income for the period	-	-	-	-	5,877	5,877	-	5,877
Contribution by and distributions to equity holders								
Treasury shares reissued pursuant to acquisition of a subsidiary	-	1,456	-	128	-	1,584	-	1,584
	-	1,456	-	128	-	1,584	-	1,584
Balance at 31 March 2017	29,618	(309)	-	84	15,176	44,569	-	44,569

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Con't)

Attributable to equity holders of the Company

Company	Share Capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2017	29,618	(562)	-	103	14,597	43,756	-	43,756
Profit and total comprehensive income for the period	-	-	-	-	579	579	-	579
Contribution by and distributions to equity holders								
Purchase of treasury shares	-	(220)	-	-	-	(220)	-	(220)
	-	(220)	-	-	-	(220)	-	(220)
Balance at 30 September 2017	29,618	(782)	-	103	15,176	44,115	-	44,115
Profit and total comprehensive income for the period	-	-	-	-	2,059	2,059	-	2,059
Contribution by and distributions to equity holders								
Dividend	-	-	-	-	(1,844)	(1,844)	-	(1,844)
	-	-	-	-	(1,844)	(1,844)	-	(1,844)
Balance at 31 December 2017	29,618	(782)	-	103	15,391	44,330	-	44,330
Profit and total comprehensive income for the period	-	-	-	-	703	703	-	703
Contribution by and distributions to equity holders								
Treasury shares reissued pursuant to acquisition of a subsidiary	-	628	-	(28)	-	600	-	600
Purchase of treasury shares	-	(102)	-	-	-	(102)	-	(102)
	-	526	-	(28)	-	498	-	498
Balance at 31 March 2018	29,618	(256)	-	75	16,094	45,531	-	45,531

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Financial Period 2018		Financial Period 2017	
	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
As at 1 July	284,387,041	1,479,549	284,665,956	1,200,634
Share buyback during the financial period	(925,000)	925,000	(3,543,000)	3,543,000
Treasury shares reissued pursuant to the acquisition of a subsidiary*	1,668,521	(1,668,521)	3,911,985	(3,911,985)
As at 31 March	285,130,562	736,028	285,034,941	831,649
Percentage (%) of treasury shares against total number of shares outstanding as at 31 March		0.3%		0.3%

* 1,668,521 (9MFY2018) and 3,911,985 (9MFY2017) treasury shares were transferred to the vendor of ISO-Integrated M&E Pte. Ltd. as part of consideration for the acquisition of a subsidiary on 19 January 2017.

There were no subsidiary holdings and outstanding convertible instruments which may be converted to shares as at 31 March 2018 and 31 March 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	As at 31.03.18	As at 30.06.17
Number of ordinary shares issued and fully paid	285,866,590	285,866,590
Treasury shares	(736,028)	(1,479,549)
Number of ordinary shares issued and fully paid (excluding treasury shares)	285,130,562	284,387,041

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1,668,521 treasury shares were transferred during the period ended 31 March 2018 to owner of ISO-Integrated M&E Pte. Ltd. pursuant to the acquisition of the subsidiary. Subsequent to the aforementioned transfer, the number of treasury shares is 736,028.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial information for the current financial period as those used in the audited financial statements for the financial year ended 30 June 2017, except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 July 2017. The adoption of these FRS has no material impact on the Group's financial information.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share ("EPS")	Group		Group	
	Three Months Ended		Nine Months Ended	
	31.03.18	31.03.17	31.03.18	31.03.17
Profit attributable to equity holders of the Company (\$'000)	480	1,001	3,878	5,069
Weighted average number of ordinary shares ⁽¹⁾	284,847,496	284,252,544	284,302,245	284,004,916
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	0.17	0.35	1.36	1.78

Notes:

- (1) The calculation for the basic and diluted EPS for the respective financial period is based on the weighted average number of ordinary shares in issue during the financial periods.
- (2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

Net assets value ("NAV")	Group		Company	
	As at 31.03.18	As at 30.06.17	As at 31.03.18	As at 30.06.17
NAV (\$'000)	59,948	57,760	45,531	43,756
Number of ordinary shares	285,130,562	284,387,041	285,130,562	284,387,041
NAV per ordinary share (cents)	21.02	20.31	15.97	15.39

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE

Revenue	Group					Group				
	Three Months Ended					Nine Months Ended				
	31.03.18		31.03.17		Change	31.03.18		31.03.17		Change
	\$'000	%	\$'000	%	%	\$'000	%	\$'000	%	%
R&R ⁽¹⁾	3,252	22.1	4,395	26.7	(26.0)	15,257	24.0	15,016	24.5	1.6
A&A ⁽¹⁾	4,785	32.5	6,330	38.4	(24.4)	26,797	42.2	23,568	38.5	13.7
C&P ⁽¹⁾	2,754	18.7	3,147	19.1	(12.5)	7,648	12.0	11,338	18.5	(32.5)
Others ⁽²⁾	3,936	26.7	2,600	15.8	51.4	13,884	21.8	11,304	18.5	22.8
	14,727	100.0	16,472	100.0	(10.6)	63,586	100.0	61,226	100.0	3.9

Note:

- (1) R&R: Repairs & Redecoration; A&A: Addition & Alteration; C&P: Coating & Painting.
- (2) Others included revenue from commercial interior designs ("ID"), home retrofitting business, landscaping works, leasing service, waterproofing, green solutions business, mechanical & electrical engineering works and handyman service.

Revenue

3QFY2018 vs 3QFY2017

Group revenue decreased by \$1.8 million or 10.6% from \$16.5 million in 3QFY2017 to \$14.7 million in 3QFY2018. The decrease was mainly due to decrease in revenue of R&R, A&A and C&P business segments, which was affected by lesser work done performed during the period and partially offset by increase in revenue of Others business segment.

9MFY2018 vs 9MFY2017

The Group's revenue increased by \$2.4 million or 3.9% from \$61.2 million in 9MFY2017 to \$63.6 million in 9MFY2018. The increase was mainly due to increase in revenue of A&A and Others business segments which were partially offset by decrease in revenue of C&P business segment, due to lesser workdone performed during the period.

Gross profit and gross profit margin

3QFY2018 vs 3QFY2017 & 9MFY2018 vs 9MFY2017

The Group's gross profit decreased by \$0.8 million or 20.0% from \$4.0 million in 3QFY2017 to \$3.2 million in 3QFY2018 and decreased by \$4.0 million or 24.1% from \$16.7 million in 9MFY2017 to \$12.7 million in 9MFY2018. The decrease was mainly due to lower margin contributed by R&R and Others business segments.

Other income

3QFY2018 vs 3QFY2017 & 9MFY2018 vs 9MFY2017

The Group's other income decreased by \$0.1 million or 12.9% from \$0.7 million in 3QFY2017 to \$0.6 million in 3QFY2018 and decreased by \$0.2 million or 10.4% from \$1.8 million in 9MFY2017 to \$1.6 million in 9MFY2018. The decrease was mainly due to the absence of negative goodwill arising from acquisition of a subsidiary.

Marketing and distribution expenses

3QFY2018 vs 3QFY2017 & 9MFY2018 vs 9MFY2017

The Group's marketing and distribution expenses increased by \$0.1 million or 25.5% from 3QFY2017 to 3QFY2018 and increased by \$0.4 million or 45.5% from \$0.8 million in 9MFY2017 to \$1.2 million in 9MFY2018. The increase was mainly due to increase in business entities arising from acquisition of a subsidiary and incorporation of new subsidiaries.

General and administrative expenses

9MFY2018 vs 9MFY2017

The Group's general and administrative expenses decreased by \$1.6 million or 15.0% from \$10.7 million in 9MFY2017 to \$9.1 million in 9MFY2018. The decrease was mainly due to absence of one-time costs incurred in relation to allowance for doubtful receivables for a customer under receivership in last financial period and decrease in staff related expenses.

Finance costs

3QFY2018 vs 3QFY2017

The Group's finance costs recorded at positive of \$3.0 thousand was mainly due to the capitalisation of eligible borrowing costs in relation to interest incurred for utilisation of property loan for the purchase of corporate office which was charged to finance costs in prior periods.

Tax expenses

3QFY2018 vs 3QFY2017

The Group's tax expenses increased by \$0.1 million mainly due to the decrease in utilisation of tax subsidies schemes which was partially offset by a decrease in deferred tax expenses.

9MFY2018 vs 9MFY2017

The Group's tax expenses decreased by \$0.7 million or 73.2% from \$1.0 million in 9MFY2017 to \$0.3 million in 9MFY2018. The decrease was mainly due to a decrease in business profit and deferred tax expenses.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by \$1.6 million or 3.7% from \$43.5 million as at 30 June 2017 to \$45.1 million as at 31 March 2018, mainly due to the acquisition of property, plant and equipment ("PPE"), which was partially offset by the depreciation of PPE, disposal of PPE and amortisation of intangible assets.

Current assets

The decrease in current assets of \$0.7 million or 1.2% from \$58.7 million as at 30 June 2017 to \$58.0 million as at 31 March 2018 was mainly due to the decrease in trade and other receivables and cash and bank balances, which were partially offset by an increase in the amount due from customers for contract work-in-progress.

Non-current liabilities

The increase in non-current liabilities of \$0.3 million or 1.9% from \$15.6 million as at 30 June 2017 to \$15.9 million as at 31 March 2018 was mainly due to the increase of bank borrowings and finance lease liabilities, which were partially offset by decrease in other payable and deferred tax liabilities.

Current liabilities

The decrease in current liabilities of \$1.4 million or 5.0% from \$27.8 million as at 30 June 2017 to \$26.4 million as at 31 March 2018 was mainly due to the decrease in amount due to customers for contract work-in-progress and trade and other payables, which were partially offset by an increase in bank borrowings and tax payables.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash generated from operating activities

3QFY2018

Net cash generated from operating activities amounted to \$2.5 million in 3QFY2018 which was mainly due to increase in operating cash flow before changes in working capital, decrease in contract work-in-progress and trade and other receivables which were partially offset by a decrease in trade and other payables.

9MFY2018

Net cash generated from operating activities amounted to \$2.1 million in 9MFY2018 which was mainly due to an increase in operating cash flow before changes in working capital and decrease in trade and other receivables which were partially offset by increase in contract work-in-progress and decrease in trade and other payables.

Net cash used in investing activities

3QFY2018 and 9MFY2018

Net cash used in investing activities amounted to \$1.4 million in 3QFY2018 and \$4.1 million in 9MFY2018. This was mainly due to the purchase of PPE.

Net cash used in financing activities

3QFY2018

Net cash used in financing activities of \$2.7 million was mainly due to repayment of bank borrowings and finance lease and purchase of treasury shares which were partially offset by drawdown of bank borrowings.

9MFY2018

Net cash used in financing activities of \$1.4 million was mainly due to dividend payment, purchase of treasury shares, fixed deposits pledged to banks and repayment of bank borrowings and finance lease which were partially offset by drawdown of bank borrowings and capital contributed by non-controlling interest.

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

No forecast or prospect statement has been previously disclosed to the shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Although the market conditions remain challenging, the Group has a strong order book of \$84.4 million as of 4 May 2018 and it expects to further build on the order book in the coming months. The current order book is expected to be delivered over the next two years.

After the award of first Home Improvement Programme ("HIP") project from Housing Development Board ("HDB") of approximately \$17.5 million, ISOTeam continues to see more opportunities in HIP sectors to grow its A&A segment while it is actively participating in A&A and R&R segments in Singapore. Over 100,000 homes are in the process of undergoing HIP works and more than 300,000 flats are expected to benefit from the HIP programme.

The Group is also backed by its record of delivering quality services for A&A projects in the private sector including the change of use of a restaurant on level 57 of Sands Skypark Tower 1 and the prestigious retrofitting for high-end restaurants and nightclub at Marina Bay Sands and Resort World Sentosa.

The Group is currently in the advanced stage of Research & Development to have a better understanding on the floating wetland systems at lakes and quarry parks throughout Singapore. Its track record in the successful implementation of floating wetland systems at Punggol Waterway will unlock opportunities in securing more projects of a similar nature in the future.

Recently, the Group has entered into the collaboration agreement with its overseas business partner, Taisei Oncho, with the objective of expanding its mechanical & electrical engineering arm and it is expected to create another potential business segment for the Group.

ISOTeam and its local subsidiaries have been relocated to its new corporate headquarters in Changi and the Group expects to improve operational efficiencies.

11 Dividend

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

No.

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

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for 9MFY2018.

13 If the group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

15 Negative confirmation pursuant to Rule 705 (5)

We, David Ng Cheng Lian and Anthony Koh Thong Huat, being the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information for 9MFY2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

David Ng Cheng Lian
Executive Chairman
11 May 2018

Anthony Koh Thong Huat
CEO

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.