



ISOTEAM LTD.

(Company Registration No: 201230294M)
(Incorporated in the Republic of Singapore on 12 December 2012)

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE CATALIST RULES – ADJUSTMENTS TO PRELIMINARY FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Board of Directors (the “**Board**”) of ISOTeam Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the unaudited financial results announcement for the financial year ended 30 June 2020 (“**FY2020**”) dated 30 October 2020 (the “**Unaudited Results**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Results, the Company’s external auditor has proposed certain adjustments and reclassifications to the audited financial statements for FY2020 (the “**Audited Results**”) following the finalisation of the auditor’s report (the “**Independent Auditor’s Report**”).

The Independent Auditor’s Report will form part of the Company’s annual report for FY2020 (the “**2020 Annual Report**”), which will be released on SGXNET in due course. Shareholders are advised to read the Independent Auditor’s Report and the 2020 Annual Report in their entirety.

Below are the details of the variances between the Audited Results and the Unaudited Results:

Consolidated Statement of Comprehensive Income

	Per Unaudited Results	Per Audited Results	Change Increase / (Decrease)		Explanation for the variances
	S\$’000	S\$’000	S\$’000	%	
Other income	2,995	2,664	(331)	(11.05)	Refer to A
General and administrative expenses	(17,316)	(16,303)	(1,013)	(5.85)	Refer to B
Impairment loss on receivables and contract assets	-	(1,900)	1,900	N.M	Refer to C
Other operating expenses	(6,452)	(5,234)	(1,218)	(18.88)	Refer to D

Consolidated Statement of Financial Position

	Per Unaudited Results	Per Audited Results	Change Increase / (Decrease)		Explanation for the variances
	S\$	S\$	S\$	%	
Property, plant and equipment	23,757	29,672	5,915	24.90	Refer to E
Right-of-use assets	5,916	-	(5,916)	N.M	Refer to F
Share capital	44,618	43,743	(875)	(1.96)	Refer to G
Accumulated profits	12,548	13,423	875	6.97	Refer to H

Explanatory notes:

- A. Other income decreased by S\$331K was due to reclassification of fair value loss of other investment of S\$331K from other operating expenses to other income to comply with the Group's accounting policies.
- B. General and administrative expenses decreased by S\$1,013K was due to reclassification of impairment of receivables and contract assets of S\$1,013K to a separate line item, "Impairment loss on receivables and contract assets" in accordance with SFRS(I) 1-1.82(ba).
- C. Impairment loss on receivables and contract assets increased by S\$1,900K was due to reclassification of S\$1,013K from General and administrative expenses and S\$887K from other operating expenses to this line item in accordance with SFRS(I) 1-1.82(ba).
- D. Other operating expenses decreased by S\$1,218K was due to reclassification of fair value loss on other investment of S\$331K to other income; and reclassification of impairment of contract assets of S\$887K to impairment loss on receivables and contract assets.
- E. Property, plant and equipment increased by S\$5,915K was due to reclassification of Right-of-use assets to Property, plant and equipment to disclose it as one line item with rounding difference as per audited figure.
- F. Right-of-use assets decreased by S\$5,915K was due to reclassification of Right-of-use assets to Property, plant and equipment to disclose it as one line item.
- G. Share capital decreased by S\$875K was due to an adjustment to account for the acquisition of the 34.1 % interest, held by non-controlling shareholders in ISO-Integrated M&E Pte Ltd ("IME"). This acquisition of 34.1% interest in IME by way of share issuance should be recorded at fair value of the Company's shares issued i.e., based on the share price on the date of issuance of shares to the vendor. Accordingly, the cost of investment and corresponding shares issued to acquire IME should be S\$2,125K instead of S\$3,000K. The resulting impact is S\$875K.
- H. Accumulated profits increased by S\$875K was due to recording of revised cost of investment in IME as explained in point G.

Notwithstanding the above adjustments in the consolidated statement of comprehensive income, there were no changes to the net loss after tax, as well as the net loss attributable to equity holders of the Company. There were also no changes to the net asset value of the Group as at 30 June 2020.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
8 December 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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