ISOTEAM

A NEW PHASE OF GROWTH

ISOTEAM LTD . ANNUAL REPORT 2019

OUR MISSION

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

OUR VISION

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

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 cooperation and collaboration among stakeholders to achieve our desired goals.

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is 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.

CORPORATE **PROFILE**

ABOUT US

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 and leading player in Singapore's building maintenance and estate upgrading industry. With more than two decades of Repairs & Redecoration ("**R&R**") and Addition & Alteration ("**A&A**") experience, we have successfully undertaken over 400 refurbishment and upgrading projects for over 4,000 buildings since inception. ISOTeam also offers a full range of services and solutions comprising specialist Coating & Painting ("**C&P**") services as well as complementary niche services ("**Others**") through our specialist waterproofing, commercial interior design and home retrofitting ("**ID**"), landscaping, access equipment 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 such as solar panels installation and floating wetlands systems for the marine environment. Aligned to this, we are currently Singapore's largest bike sharing operator through SG Bike, an environmentally sustainable bike sharing service which is backed by geostation docking technology.

Our reputation for quality, speed and safety, together with a winning edge in eco-conscious innovations and capabilities as a maintenance solutions provider, 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

Creating, Enhancing and Sustaining Singapore's Built Environment

Our Fully-Integrated Multi-Disciplinary Capabilities

Cyclical and Life Cycle Maintenance

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

Estate Upgrading and Enhancement Programme

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

Specialist Coating and Building Restoration System

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

Architectural & Engineering Solutions

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

Interior Decoration and Retrofitting

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

M&E Services

- Electrical and mechanical ventilation works
- Air conditioning works
- Sanitary and plumbing services
- Solar panel installation

Eco-Friendly Solutions

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

Handyman Services

- Home care and upgrading
- General repairs and maintenance

Landscaping & Horticulture

- Vertical greening
- Horticulture services and maintenance
- Floating wetland systems
- Niche landscaping and gardening services

Green Mobility Solution

- SG Bike – currently the largest bicycle sharing operator in Singapore
- Mobile app: SG Bike
- www.sgbike.com.sg

Access Equipment Services

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



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]

ACCOLADES

One Asia Awards 2015 – Distinguished Award

2011 Successful Entrepreneur

BCA Green Mark Certification

Singapore Green Building Council

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 L6 (No limit)

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 L6 (No limit)

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

General Builder
Class 1

Electrical Engineering (ME05)
Grade L5 (≤$13 million)

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

CORPORATE STRUCTURE

ISOTEAM

RAYMOND CONSTRUCTION

100%

- A&A

ISOTEAM CORPORATION

100%

- A&A
- R&R

TMS ALLIANCES

100%

- R&R

ISOTEAM GREEN SOLUTIONS

100%

- Eco-friendly solutions/products

ISOSEAL WATERPROOFING

100%

- Reroofing
- Waterproofing

ISOTEAM ACCESS

100%

- Rental/sale of height access equipment

ISOTEAM C&P

100%

- Specialist coating & painting
- Fireproofing coating

ISO LANDSCAPE

100%

- Niche landscaping
- Horticultural services
- Landscape maintenance

INDUSTRIAL CONTRACTS MARKETING

100%

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

ISOTEAM PROJECTS*

100%

- Specialist A&A
- Architectural and commercial interior design

ISOTEAM TMS MYANMAR

90%

- R&R in Myanmar

ISO INTEGRATED M&E

65.9%

- Electrical works
- Renewables installation

ZARA @ISOTEAM

51%

- Interior fitting-out works

ISO HOMECARE PTE. LTD.

51%

- Handyman services

SG Bike

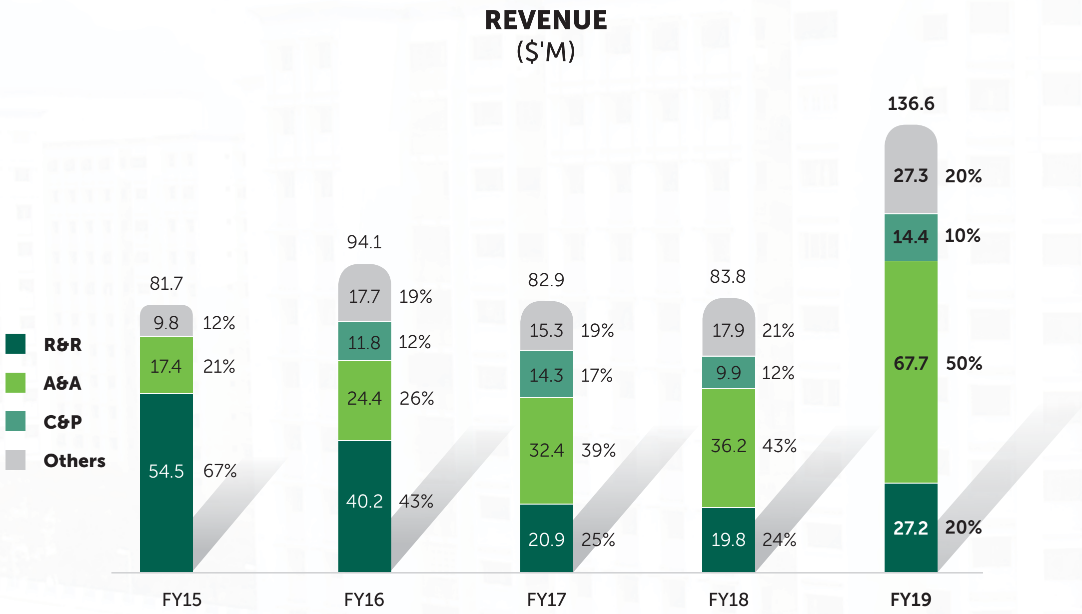
51%

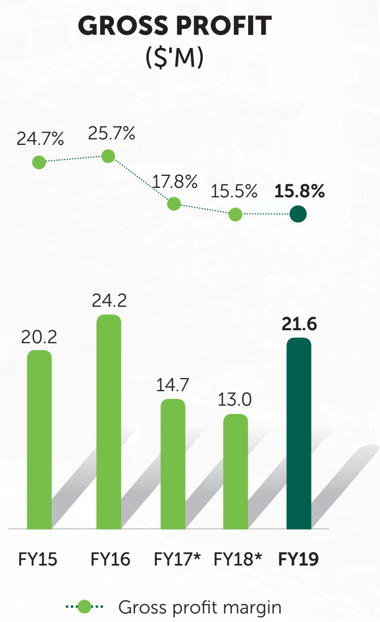
- Singapore's largest bike-sharing company

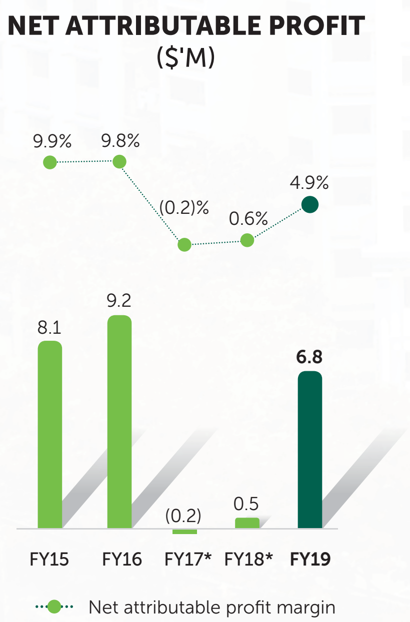
* Formerly known as ISOTeam TMG.

FINANCIAL HIGHLIGHTS

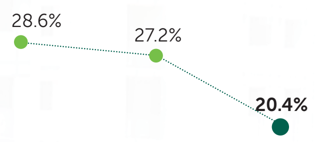
FINANCIAL YEAR ENDED 30 JUNE



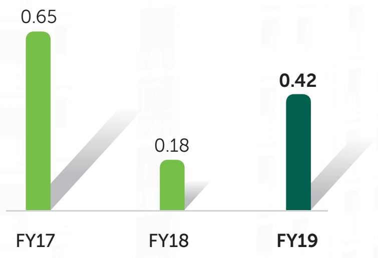




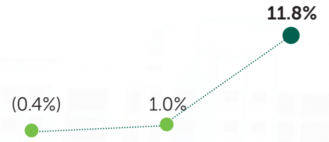
DIVIDEND PAYOUT
(%)



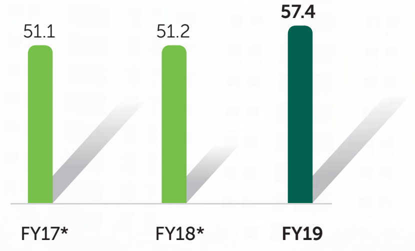
DIVIDEND PER SHARE
(¢)



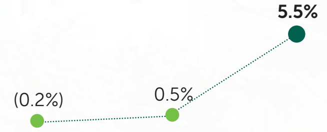
RETURN ON EQUITY
(%)



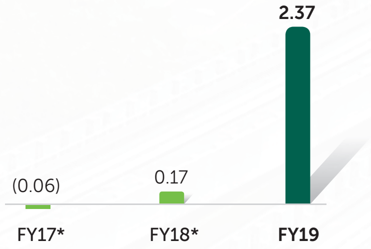
SHAREHOLDERS' EQUITY
($'M)



RETURN ON ASSETS
(%)



EARNINGS PER SHARE
(¢)



* FY2017 and FY2018 figures were restated to reflect the adoption of SFRS(1)

JOINT CHAIRMAN & CEO'S MESSAGE

Dear Shareholders

On behalf of the Board of Directors of ISOTEAM Ltd, it is our pleasure to present to you the annual report for the financial year ended 30 June 2019 ("**FY2019**"). FY2019 was an exciting year for ISOTeam as we had achieved a significant uptick in both our top and bottom lines.

The stellar performance reflected the success of our new business strategy, which we shared with shareholders following the last financial year when many of you had expressed concerns about how we were going to ensure business sustainability in view of our significantly expanded capabilities. We believe our robust FY2019 results and strong order book of $113.5 million as at 31 July 2019[1] and new contracts of $31.0 million announced on 20 September 2019 not only addresses those concerns but serves to further affirm our optimism that we are moving in the right direction.

To thank all shareholders for your support over the past year, our Board of Directors is pleased to propose a final dividend of 0.42 Singapore cents per ordinary share, which represents a payout of 20.4% of the Group's consolidated profit after tax and minority interests[2].

FY2019 MILESTONES

In FY2019, we continued to provide sustainable solutions for a better built environment with several corporate milestones.

In the first half of the financial year, we successfully collaborated with the Housing and Development Board ("**HDB**") to jointly develop offshore floating solar technology for the marine environment.

In the second half of FY2019, we secured an $11.3 million project to install a floating solar panel system along the Straits of Johor. This is unique in Singapore as it is said to be one of the world's largest offshore floating solar farms and we are very proud to be part of it. We believe this project will also lead to more regional opportunities as countries increasingly move to alternative sources of energy to combat environmental concerns.

Also in the second half, we clinched our second Home Improvement Programme ("**HIP**") project from HDB worth $26.3 million. Winning a second contract is a very positive sign that we have performed well in our first HIP project, which is slated to be completed by end of this year. Only highly qualified contractors are invited to tender for HIP projects and we are optimistic and confident that it will lead to more invitations to tender.

FY2020 AND BEYOND

Singapore must hold its next General Election by April 2021[3]. Historically, Town Councils will call for more tenders to spruce up their estates in the lead up to the polls. This will bring opportunities for ISOTeam and we will actively participate in these tender exercises.

Other government-led initiatives announced in 2018 that are positive for us included the expansion of HDB's HIP, and now covers 230,000 more flats that are built between 1987 and 1997. In addition, the newly minted HIP II programme will see all HDB flats being upgraded twice during their lifespan for Housing Board flats 70 years and older. This programme potentially opens up additional streams of revenue for us.

Meanwhile, ongoing programmes that continue to generate income for us include the Hawker Centre Upgrading Programme to keep our food centres pleasant for Singaporeans to indulge in their favourite pastime; the Neighbourhood Renewal Programme to enhance the communal living environment of all Singaporeans; the Round Island Route Programme to encourage more locals to exercise with island-wide bicycle trails; and, the mandate for the external walls of HDB flats to be repainted every five years.

We are optimistic that all these public sector programmes will keep us busy for many years to come given our track record for quality and on-time delivery. In addition, the robust suite of capabilities that we have acquired either through

1 To be delivered over 24 months.
2 Excluding non-recurring, one-off and exceptional items.
3 "Electoral Boundaries Review Committee formed: Prime Ministers Office" [TODAY Online], 7 Sept 2019 (https://www.gov.sg/news/content/electoral-boundaries-review-committee-formed)

David Ng Cheng Lian *Anthony Koh Thong Huat*

joint ventures or acquisition over the years has also brought new private sector opportunities that led to ISOTeam's stellar performance in FY2019, including a slew of high profile A&A projects at a leading integrated resort in Singapore, which included architectural works at Marquee Nightclub, Avenue and Koma, which were completed in April 2019. The projects were worth almost $45 million in total, making it our single largest A&A contract to-date.

When the opportunity to acquire Pure Group[4] came up, we decided to take it as the company's healthy historical performance would make the acquisition immediately earnings-accretive for ISOTeam. The purchase consideration of $24.0 million will comprise 50% cash and 50% ISOTeam shares by way of non-listed transferable warrants held in escrow, which comes with profit targets that would safeguard the Group's investment as outlined in our announcement dated 24 July 2019.

Pure Group has built an excellent regional reputation for project and construction management since its establishment in 2010. Its geographical presence in the Philippines, China, Malaysia and Thailand will enable ISOTeam to offer turn-key commercial fitting-out services and break through the confines of the small and highly competitive Singapore market and fulfil a long-time dream of our founders to expand regionally. Having worked closely with them for past projects, we are confident in the experience and professionalism of the team at Pure Group. We believe its capabilities and expertise in project and construction management are highly complementary to our own engineering services and solutions business and we look forward to the possibililty of participating in the planned $9.0 billion investment[5] by Singapore's two integrated resorts to expand and upgrade their properties. We are working hard to complete this acquisition and will keep shareholders updated through the necessary channels.

Most recently in September 2019, SG Bike Pte. Ltd. ("**SG Bike**"), our 51%-owned subsidiary was granted in-principle approval from the Land Transport Authority to take over the bike sharing license of Singapore Mobike Pte. Ltd. ("**Mobike**"), which covers a fleet of 25,000 bicycles for a purchase consideration of approximately $2.5 million. This move will increase our existing fleet from 3,000 to 28,000 bicycles and transform home-grown SG Bike into Singapore's largest bike sharing operator and enable us to provide a highly-efficient bike sharing scheme to connect even more people and their destinations in a safe, affordable, and convenient way. We continue to believe in this sustainable mode of transport and we look forward to seeing our bicycles across the island.

APPRECIATION

All-in-all, the aforementioned milestones and prospects have made us cautiously confident about the future of the Group despite economic headwinds brought on by geopolitical events such as the US-China trade dispute and the slowing global economy.

In closing, we want to thank all our shareholders for your unwavering support and confidence in ISOTeam. Special thanks and appreciation to our Board of Directors for your guidance in matters concerning corporate governance.

Lastly, we want to thank the management and staff of ISOTeam for your hard work and dedication. Together, we are a stronger and much more capable team. We look forward to many more good years to come!

David Ng
Chairman

Anthony Koh
CEO

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4 Pure Group comprises Pure Group (Singapore) Pte. Ltd., Pure Projects (Philippines) Inc, Pure Projects Construction Advisory Shanghai Co Ltd, Pure Projects Management Sdn. Bhd. in Malaysia, Pure Projects SEA Pte. Ltd., and Pure Projects SEA Ltd in Thailand.

5 "Singapore's two integrated resorts set to grow with S$9 billion investment plan", Channelnewsasia, 3 April 2019. (www.channelnewsasia.com/news/singapore/singapore-integrated-resorts-expansion-resorts-world-sentosa-mbs-11409002)

BOARD OF DIRECTORS

DAVID NG CHENG LIAN
Executive Chairman

First Appointed: 12 Dec 2012
Last Re-elected: 27 Oct 2017

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.

ANTHONY KOH THONG HUAT
Executive Director and Chief Executive Officer

First Appointed: 12 Dec 2012
Last Re-elected: 26 Oct 2018

One of the co-founders of the Group, Mr Koh has around 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.

DANNY FOO JOON LYE
Executive Director

First Appointed: 12 Dec 2012
Last Re-elected: 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 Myanmar subsidiary, ISOTeam TMS Myanmar.

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.

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

TAN ENG ANN
Independent Director

First Appointed: 7 Jun 2013
Last Re-elected: 27 Oct 2017

Mr Tan is the Lead Independent Director and Chairman of the Group's Audit Committee. He was formerly the executive director and the chief financial officer of SGX-ST Mainboard listed R H Energy Ltd. 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.

SOH CHUN BIN
Independent Director

First Appointed: 7 Jun 2013
Last Re-elected: 26 Oct 2018

Mr Soh is Chairman of the Group's Remuneration Committee. He has more than 19 years of experience in the corporate finance and legal sectors, specialising in capital markets and mergers and acquisitions. He is currently the Head of Capital Markets at ZICO Insights Law.

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, and one of its youngest equity partners. In 2012, he left the legal profession to be the chief executive of several companies (including listed companies), before returning to legal practice in early 2017. He has advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fundraising. His expertise spans diverse industries, including real estate, resources, infrastructure and technology. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw.

He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999. He currently holds directorships at SGX-listed companies, Geo Energy Resources Limited, Triyards Holdings Limited and Lorenzo International Limited.

NG KHENG CHOO
Independent Director

First Appointed: 7 Jun 2013
Last Re-elected: 25 Oct 2016

Ms Ng is Chairperson of the Group's Nominating Committee. She has deep-rooted expertise and track record in mergers and acquisitions, investments, portfolio management, financing and accounting matters. She was the chief financial officer of SingHaiyi Group Ltd since July 2013 and its chief operating officer from July 2014 to September 2016.

Previously, Ms Ng was general manager of investment (Singapore) for Sichuan Chuan Wei Group Co., Ltd ("**Chuan Wei**") a company with related businesses in real estate development, mining of mineral resources, cement, manufacturing of vanadium and steel products and logistics. She was also in charge of investor relations for Hong Kong-listed China Vanadium Titano-Magnetite Mining Company Limited, a related corporation of Chuan Wei from 2012 to March 2013. Prior to this, Ms Ng was chief financial officer of SGX-ST Mainboard listed company, 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 LLP and held the position of audit manager when she left in 2003.

Ms Ng holds a Bachelor of Accountancy from Nanyang Technology University and is a member of the Institute of Singapore Chartered Accountants. She is currently also an Independent Director of SGX-ST listed OKH Global Ltd.

EXECUTIVE OFFICERS

Lim Kim Hock *Albert Teng* *Lwin Lwin Aung* *Or Thiam Huat* *Chan Chung Khang*

OR THIAM HUAT
Projects Director

Mr Or has been the Group's Projects Director since 1999 and is responsible for its planning and projects execution. 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. 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 handled the 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. He is in charge of 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 affairs 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.

ALBERT TENG
Chief Strategy Officer (CSO) and Chairman (SG Bike)

Mr Teng became the Group's Chief Strategy Officer in 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. In August 2017, he was appointed as the CEO of the Group's 51%-owned subsidiary, SG Bike Pte. Ltd., and was subsequently appointed as its Chairman to oversee the operation of the expanded fleet size after the acquisition of Mobike assets. Prior to his appointment to CSO, he was the General Manager of the Group's subsidiary, ISOTeam Projects Pte Ltd (formerly known as ISOTeam TMG). Before joining ISOTeam, Mr Teng was a Town Council general manager and HDB estate officer 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 (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 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 Master degree in Business Administration from Nanyang Technological University, a professional degree from ACCA (UK) and is also a member of the Institute of Singapore Chartered Accountants.

BUSINESS DIVISION HEADS

JASON LIM CHIEW HOE

Managing Director (ISOTeam Projects)

Mr Lim founded the Group's A&A, architectural and interior fitting out for hospitality, industrial, commercial and retail specialist unit, ISOTeam TMG, now known as ISOTeam Projects which was acquired by the Group in 2015. He has over 30 years of experience in the interior construction industry and was instrumental in the growth of ISOTeam Projects into an award-winning company. He oversees the unit's operations including tenders, management and review of project costs and budget, key materials procurement and the award of contracts to subcontractors. He also assists in the implementation of workflow and work processes and business development. He holds a certificate in Construction Regulations and Management for Licensed Builders.

SAM CHEN

Managing Director (ISOTeam Access) (ISOTeam C&P)

Mr Chen joined ISOTeam Access, in 2007 and worked his way up the ranks to his current position. Backed by over 25 years of experience in the building refurbishment and estate upgrading industry, he wears two hats in the Group, namely managing its height access equipment and machinery provision business as well as its specialised coating and painting business. He has spearheaded numerous C&P projects ranging from HDB housing blocks and private landed residential homes to institutional, industrial and commercial buildings. He is also a certified Safety Supervisor and a Work-At-Height Assessor and taps on this expertise to ensure a safe working environment.

CHUA HOI TEK

Managing Director (ISO-Landscape) and Joint Managing Director (ISO Integrated M&E)

Mr Chua is the founder and head of ISO-Landscape and ISO Integrated M&E, formerly known as Rong Shun Landscape & Construction Pte. Ltd. and Rong Shun Engineering & Construction Pte Ltd respectively, which he founded about 10 years ago. Prior to this, Mr Chua spent 22 years at a multi-national corporation, 17 years of which were in senior managerial roles. He graduated with a Bachelor of Engineering (Mechanical and Production Engineering) from the former Nanyang Technology Institute (now known as the Nanyang Technological University) in 1986.

KELVIN TAN MENG SOO

Joint Managing Director (ISO Integrated M&E)

Mr Tan joined Raymond Construction in 2015. When ISOTeam acquired Rong Shun Engineering & Construction Pte Ltd, now known as ISO Integrated M&E, in 2017, he was assigned to spearhead its expansion into a full-fledged M&E service provider. With 24 years of experience in the construction industry, he has completed projects for military and defence facilities; new build and A&A of schools; nursing homes; sports and swimming complexes; park connectors; BTO flats, ELU, NRP and HUP programmes for HDB and various commercial and private projects. Mr Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic in 1992 and is also a Licensed Electrical Worker.

DENNIS CHIN WAI TUCK

Projects Director (Zara@ISOTeam)

Mr Chin joined as Projects Director of 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 in many major multi-sector projects including the landmark Aloha at Loyang renovation contract. He 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.

PREM KUMAR S/O ASOKUMA (PK)

Operations Manager (ISO-Homecare)

Mr PK joined ISOTeam in 2013 and handled both A&A and R&R jobs for town councils, MCSTs and NEA's market upgrading works. He was appointed to his current role in 2018 to expand the handyman business especially in the HIP market. Mr PK holds a Bachelors of Arts in Organisational Psychology from Murdoch University Australia and has completed ISO 45001 certification.

GABRIEL CHIA

Operations Manager (ISOTeam Green Solutions)

Mr Chia joined the Group in 2015 and became the Business and Operations Manager of ITG Projects Sdn Bhd in 2016. With almost a decade of industry experience in project management and business development, he was appointed to his current role in 2018 and tasked to manage the unit's sales, operations and marketing functions. He specialises in innovative business development strategies and internet marketing. He graduated from PSB Academy with a Diploma in Business Administration in 2010.

OPERATING REVIEW

Summary: Completed Projects	FY2018		FY2019	
	Number of Projects	Value ($'m)	Number of Projects	Value ($'m)
R&R	8	11.7	12	11.6
A&A	14	57.7	5	52.5
C&P	20	6.6	23	7.2
Others	27	25.3	23	13.8

Summary: Ongoing Projects	FY2018		FY2019	
	Number of Projects	Value ($'m)	Number of Projects	Value ($'m)
R&R	18	32.2	25	61.9
A&A	14	120.3	17	101.2
C&P	49	21.2	65	32.8
Others	40	33.0	47	39.5

R&R

In FY2019, the Group completed 12 R&R projects in total for 96 HDB blocks in Pasir Ris-Punggol and Jalan Besar town councils, compared to eight projects and 49 blocks in FY2018. The Group also completed two R&R works for wet markets cum hawker centres located in Ang Mo Kio Avenue 1 and 4, raising the total number of completed HUP projects under its belt to 40 to-date. In the private segment, the Group completed an industrial building at Jalan Kilang Timor along with numerous jobs for residential properties.

As at 30 June 2019, the Group has 25 on-going R&R projects with total contract value of approximately $61.9 million that are expected to be completed by the next financial year. These comprise mainly public sector contracts including paint jobs for around 355 HDB blocks for several housing estates. Private sector jobs included work for Yishun Emerald and various industrial buildings and private residential properties.

A&A

In FY2019, the Group completed five A&A projects compared to 14 projects in FY2018. Although fewer projects, the value of these five projects were more significant and included large scale projects such as conversion works at a leading integrated resort in Singapore and a number of private residential jobs.

As at 30 June 2019, the Group has 17 ongoing A&A projects amounting to approximately $101.2 million which are expected to be completed by June 2020. They include seven NRP projects of approximately 140 blocks, two HIP projects of 54 blocks and a number of private residences.

C&P

In FY2019, the Group completed 23 C&P projects compared to 20 projects in FY2018. They included Bedok Town Park MRT station, Tampines Town Hub and Seng Kang General Hospital. In Myanmar, the Group completed nine C&P projects.

As at 30 June 2019, the Group has 65 ongoing C&P projects valued at approximately $32.8 million that are due for completion by December 2021, compared to 49 projects in FY2018. Significant projects include indoor sports halls for several schools, Punggol Town Hub, Mandai Zoo's multi-storey carpark and Kallang Polyclinic.

OTHERS

In FY2019, the Group completed 23 projects under its Others business segment and has 47 ongoing projects worth approximately $39.5 million in the pipeline compared to 27 completed projects and 40 ongoing projects in FY2018.

Interior Design and Retrofitting (collectively "ID")

Under the ID business, the Group offers commercial ID work, architectural and engineering solutions through ISOTeam Projects as well as residential ID work through Zara@ISOTeam. Some key projects completed in FY2019 included Bella Marie France outlets and Nee Soon Community Club as well as several private residential homes. As at 30 June 2019, ongoing projects include ID works for One Fullerton, Sentosa Golf Club, YWCA along with several corporate and residential customers.

Landscaping

The Group has seven existing term contracts for landscape maintenance from town councils that will run until March 2021 and also derives recurring income for landscape maintenance from private condominiums. In FY2019, key landscaping projects completed by the Group were AXA Tower and Changi East runway. As at 30 June 2019, ongoing projects include Geylang Serai market and a new HDB project in Bedok.

Eco-friendly Solutions

In FY2019, the Group completed one project to supply floating wetland modules to an offshore island. As at 30 June 2019, ongoing projects include a first-of-its-kind floating wetlands for an offshore aviary on Pulau Ubin which is an Nparks project that is expected to be completed by March 2020.

The use of the Cockroaches and Odour Remover ("**CnO**") as a botanical pesticide is currently pending approval by the NEA.

Mechanical and Electrical Engineering ("M&E")

In FY2019, the Group completed its first Air Conditioning and Mechanical Ventilation ("**ACMV**") project at RWS Equarius Hotel. As at 30 June 2019, some ongoing projects include installation of solar panels at Singapore's largest offshore floating solar farm in the Johor Straits as well as various M&E installation jobs for skool4kidz at Sengkang West and Temasek Polytechnic.

The Group continues to explore potential energy saving solutions with its strategic partner, Centerlise Co., Ltd.

SG Bike

SG Bike is positioned to become the largest bike sharing operator in Singapore with its acquisition of Mobike's bike sharing license and fleet of bicycles for a consideration of $2.54 million. In-principle approval for the transfer of the Bicycle Sharing Licence was granted by the LTA in September 2019. With this, the fleet size of SG Bike is significantly raised from 3,000 to 28,000 bikes, allowing the Group to strategically deploy them to serve more areas in Singapore.

Handyman Services

ISOHomeCare is currently serving the residents of the HIP project at Yishun Ring Road and Tampines Street 22 and homeowners across the island.

ORDER BOOK

Order book build-up was robust in FY2019. The Group secured new orders of $23.8 million and $70.3 million in the first and second halves of FY2019 respectively. As at 31 July 2019, order book of the Group amounted to $113.5 million which will be progressively delivered over the next two years. On 20 September 2019, the Group announced new contracts of approximately $31.0 million.

FINANCIAL REVIEW

REVENUE
63.0%

$136.6m

GROSS PROFIT
66.9%

$21.6m

EARNINGS PER SHARE

2.37¢

RETURN ON EQUITY

11.8%

REVIEW OF INCOME STATEMENT

Revenue

Total revenue of the Group increased by $52.8 million or 63.0% from $83.8 million in FY2018 to $136.6 million in FY2019. Reflecting the success of the Group's competitive tendering strategy adopted in early FY2019 to mitigate industry competition, all four of the Group's business segments achieved strong double-digit revenue growth.

R&R accounted for 20.0% of total revenue in FY2019. This segment generated $27.2 million in revenue, an increase of 37.9% compared to $19.8 million in FY2018, as the Group regained market share with its new tendering strategy.

A&A was the biggest contributor in FY2019, accounting for 49.5% of total revenue. The Group generated $67.7 million in revenue from its A&A segment, an increase of 86.8% compared to $36.2 million in FY2018. This was largely due to a major conversion works at a leading integrated resort in Singapore.

C&P accounted for 10.5% of total revenue in FY2019. C&P projects generated $14.4 million in revenues, an increase of 45.0% compared to $9.9 million in FY2018, largely from more projects secured in the fire proofing segment.

Others business segment accounted for 20.0% of total revenue in FY2019. This segment generated a revenue of $27.3 million, an increase of 52.6% from $17.9 million in FY2018 due to an increase in solar panel installation related projects.

Profitability

In tandem with revenue growth, gross profit of the Group increased by $8.6 million or 66.9% from $13.0 million in FY2018 to $21.6 million in FY2019. Gross profit margin for the year improved 0.3% points to 15.8%. The Group reversed a loss before tax of $0.8 million in FY2018 to a profit before tax of $7.3 million in FY2019.

Other Income and Expenses

There was an increase of $1.2 million or 67.2% in other income from $1.9 million in FY2018 to $3.1 million in FY2019 mainly due to fair value gain on investment in equity offset by lesser government grants received.

The Group's marketing and distribution expenses decreased by $0.5 million or 32.0% from $1.7 million in FY2018 to $1.2 million in FY2019 mainly due to lower motor vehicle related expenses.

Meanwhile, general and administrative expenses increased by $1.9 million or 14.5% from $12.9 million in FY2018 to $14.8 million in FY2019. This was mainly attributed to the depreciation of property and renovation of the Group's Changi North corporate office and expected credit losses allowance of $0.6 million after adoption of SFRS(I) 9.

Other operating expenses decreased marginally by $29,000 or 6.6% from $438,000 in FY2018 to $409,000 in FY2019. Due to an increase in borrowings to finance the purchase of the Changi North corporate office and working capital needs for some sizable projects, finance costs increased by $0.6 million or 104.2% from $0.6 million in FY2018 to $1.2 million in FY2019.

The Group's tax expenses increased by $1.5 million or 283.1% from $0.5 million tax credit in FY2018 to $1.0 million tax expenses in FY2019, mainly due to higher profit generated by the Group and the lack of tax incentives.

FINANCIAL REVIEW

REVIEW OF FINANCIAL POSITION

Assets

The Group's non-current assets decreased by $1.8 million or 3.9% from $45.9 million as at 30 June 2018 to $44.1 million as at 30 June 2019, mainly due to the depreciation of property, plant and equipment ("**PPE**"), amortisation of intangible assets, disposal of PPE and reclassification to asset held for sale which was offset by the acquisition of PPE and investment in associate.

Current assets increased by $22.9 million or 40.9% from $56.0 million as at 30 June 2018 to $78.9 million as at 30 June 2019. This was mainly due to the increase in contract assets, asset held for sale, inventories, trade and other receivables which were partially offset by a decrease in cash and bank balances. The significant increase in trade and other receivables of approximately $5.8 million mainly arose from the billings to a major customer which is expected to be collected upon the completion of final account.

Liabilities

Non-current liabilities decreased by $2.1 million or 13.7% from $15.7 million as at 30 June 2018 to $13.6 million as at 30 June 2019. This was mainly due to the repayment of bank borrowings which were partially offset by an increase in finance lease liabilities. There was an increase in current liabilities of $17.3 million or 53.0% from $32.6 million as at 30 June 2018 to $49.8 million as at 30 June 2019 which was mainly due to the increase in bank borrowings, trade and other payables, finance lease liabilities and tax payables.

Our stellar FY2019 performance and strong order book reflected the success of our new business strategy and reaffirmed our optimism that we are moving in the right direction. We are pleased to propose a final dividend of 0.42 Singapore cents per ordinary share, which represents a payout of 20.4% of our consolidated profit after tax and minority interests.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities

Net cash used in operating activities amounted to $11.9 million in FY2019 which was mainly due to increase in contract assets, trade and other receivables including billings to a major customer of approximately $5.8 million which is expected to be collected upon completion of final account and inventories. These were offset by an increase in trade and other payables, and operating cash flow before changes in working capital.

Net cash used in investing activities

In FY2019, net cash used in investing activities amounted to $1.1 million which was mainly due to the purchase of PPE.

Net cash generated from financing activities

Net cash generated from financing activities was $9.0 million in FY2019. This was mainly due to drawdown of bank borrowings which were partially offset by repayment of bank borrowings and finance lease liabilities.

About This Report

Reporting Period and Scope

In today's rapidly changing business climate, sustainable development is a priority and a critical success factor for companies in ensuring long-term value creation. At ISOTeam Ltd. (the "**Group**" or "**we**" or "**our**"), we recognise the importance and value of aligning strategies to meet stakeholders' needs as well as having an established and consistent sustainability reporting framework. In our second sustainability report (the "**Report**"), we continue to discuss the challenges and material issues that are important to our stakeholders, the strategies that we have adopted in managing these challenges and issues and how we positioned ourselves to capitalise on future opportunities.

SUSTAINABILITY REPORT

The content and data of this Report covers the Group's operations in Singapore from 1 July 2018 to 30 June 2019 ("**FY2019**") and discusses our initiatives and performance on Environmental, Social and Governance ("**ESG**") issues.

We have prepared the Report in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core Option and its reporting principles, SGX Guide as well as in accordance with Listing Rule 711B of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). GRI standards continues to be the sustainability reporting framework of choice as it is internationally recognised and widely adopted, enabling us to provide a broad and comparable disclosure of ESG performance.

We have not sought external assurance for the disclosures made in this Report but may consider doing so in the future.

Accessibility

The Group shall continue to print limited copies of this Report as part of our environmental conservation efforts. The current electronic edition of this Report is available at: http://isoteam.listedcompany.com/ar.rev

We value your feedback and you can reach us at: ir@isoteam.com

SUSTAINABILITY REPORT

SUPPLY CHAIN MANAGEMENT

At ISOTeam, we believe in the philosophy of green procurement through a sustainable supply chain. We place emphasis in sourcing for sustainable materials and actively engage in strategic partnerships and collaborations to roll out sustainable green products and solutions.

Green Procurement

Our commitment to environmentally sustainable solutions is expounded by our Green Procurement Policy which provides guidelines and references to identify and differentiate products and methods which are greener than the prevailing, safety and health considerations, energy- and water-saving, sustainable and safe disposal. These practices are embedded within our procurement and vendor evaluation processes so as to align our sustainability approach with our network of partners.

We acknowledge the role we play in contributing to Singapore's Built Environment and we will continue to innovate and forge positive relationships to provide greener products, systems and practices.

SUSTAINABILITY APPROACH

Delivering long-term and sustainable value for all our stakeholders is a core philosophy of ISOTeam. Our corporate strategies are sustainability-centred and our business decisions are principled upon an unwavering commitment to the economic, social and environmental interests of those we serve and the communities we operate in.

Our Board of Directors ("**Board**") oversees the policies and procedures relating to ESG factors together with the management and the assistance of external professional service providers. Our Board will evaluate the effectiveness of the existing sustainability practices, review ESG performance and set goals on an annual basis.

Our senior management continues to oversee, coordinate, revise sustainability strategies and monitor performance periodically to be reported to our Board.

ACCREDITATIONS, ACCOLADES, MEMBERSHIPS AND LICENSES

As a leading industry player known for quality, speed and safety, we are honoured to be part of organisations, societies, associations, charters and to have received numerous awards. Please refer to page 4 of our Annual Report 2019 for full details of the Group's accreditations, accolades, memberships and licenses.

STAKEHOLDER GROUPS AND ENGAGEMENT ACTIVITIES

Stakeholders

EMPLOYEES	
Engagement Activities	• Employee appraisals • Employee trainings
Stakeholder Expectations	• Employee welfare and benefits • Personal development
CUSTOMERS	
Engagement Activities	• Enquiry and feedback channels • Direct customer meetings
Stakeholder Expectations	• Good customer service • Price advantage
SUPPLIERS	
Engagement Activities	• Supplier evaluations • Periodic meetings
Stakeholder Expectations	• Prompt payment • Compliance with terms and conditions of transactions
INVESTORS	
Engagement Activities	• Annual meetings, bi-annual briefings and ad-hoc investor meetings • Circulars, reports and news release to shareholders
Stakeholder Expectations	• Profitability and dividends • Transparency and timely reporting
GOVERNMENT AND REGULATORS	
Engagement Activities	• Discussions with relevant authorities • Timely reporting to regulators and government agencies
Stakeholder Expectations	• Compliance with regulations • Proper reporting procedures and channels in place
COMMUNITIES	
Engagement Activities	• Corporate social responsibility activities • Environmental friendly product /service launches
Stakeholder Expectations	• Social responsibility to relevant communities

SUSTAINABILITY REPORT

Shareholders and Investors Activities

The Group has put in relentless effort to generate long-term value for our shareholders through the adoption of good corporate governance practices and the maintenance of a healthy internal controls system over the financial, operational and compliance aspects of our business. We are proud to be placed 87th in the 2019 Singapore Governance and Transparency Index, out of 578 companies that were evaluated for this exercise. This represents a significant improvement from our 95th placing in 2018 and a tremendous advance since our 151st placing in 2017. This not only serves as a testament to our hard work and effort to strengthen our corporate governance practices over the years, it also shows that we are on the right trajectory to maintaining good corporate governance practices.

The Group remains dedicated in enforcing timely and accurate corporate disclosure and transparency. We actively engage shareholders, the investing community and the media with the latest information on the Group's operations, financial performance and strategic business updates via the following platforms:

- 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;
- Analyst and investor briefings every half-year in relation to our financial results.

FYE 30 June 2019	
Financial Calendar	**Analyst, Investor and Media Events**
• 13 November 2018 1QFY2019 financial results announcement • 13 February 2019 HY2019 financial results announcement • 13 May 2019 3QFY2019 financial results announcement • 28 August 2019 FY2019 financial results announcement	• 16 January 2019 SGX-SAC Smart Series • 14 February 2019 HY2019 financial results briefing • 21 February 2019 SGX Corporate Connect Seminar • 28 March 2019 SGX-SAC Corporate Day • 28 August 2019 FY2019 financial results briefing • Throughout FY2019 Investor outreach (one-on-one / group sessions)

MANAGEMENT APPROACH AND MATERIAL TOPICS

Based on new feedback gathered from our internal and external stakeholders, the Group has re-evaluated the relevance of the key topics which were identified in our first sustainability report and validated that the existing topics continue to remain relevant to our business and our stakeholders.

No.	Topics	Description	Stakeholder Group in Concern	Reference
1	Economic Performance	Distribution of economic value to stakeholders	Employees, Customers, Suppliers, Investors, Government and Regulators	Financial Highlights (Page 6), Order Book (Page 17), Financial Review (Page 18)
2	Employment	Fair employment practices in aspects of hiring, benefits and welfare	Employees, Government and Regulators	Page 28
3	Occupational Health and Safety	Measures in place to ensure health and safety of our people	Employees, Customers	Page 29
4	Training and Education	Practices in place to develop our people's potential and talent management	Employees	Page 30
5	Community Engagement	Community outreach activities	Communities, Government and Regulators	Page 31
6	Green-Value and Initiatives	Practices in place to introduce environmental-friendly solutions in delivering products and services	Customers, Suppliers, Government and Regulators, Employees	Page 32
7	Governance and Compliance	Policies and practices in place to uphold good corporate governance	Government and Regulators, Employees, Customers, Suppliers, Investors	Corporate Governance Report (Page 37)

The materiality of these factors have been reassessed and endorsed by the Sustainability Committee which comprises key executives and heads from all major business functions. A more detailed discussion on the material topics and the topic boundary limitations, if any, is provided in the respective sections of this Report.

SUSTAINABILITY REPORT

EMPLOYMENT

As the Group is operating in a labour intensive sector, employment is a crucial component of consideration for the Management. Employees are the key drivers of the Group's vision to be the best and preferred partner for complete solutions in the built environment, which refers to buildings, structures, and infrastructure in our surroundings which provides the setting for the community's activities.

Policies on Employment

The Management has established human resource policies that look out for the well-being and ongoing career and personal development of our employees. We have procedures such as orientations to assimilate new employees into the ISOTeam Family, interviews and appraisals as well as an employee handbook for our staff to know more about the Group.

New Employees and Turnover of Employees

With reference to the tables below, we continue to tighten our policies to guide the Group towards an equitable and inclusive environment. As the Group is in the construction and building management industry, a gender gap exists as a result of the heavy labour required in our work. The Group does not discriminate against any gender or age group. Opportunities are given based on meritocratic criteria and performance. As the Group completed multiple projects during the year using contracted employees, a spike in the turnover rate is observed when the contract terms of these employees were over. However it is still within the Group's acceptable range.

New Employees According to Age Group	
Under 30 years old	30
Between 30 to 60 years old	61
Above 60 years old	5

Category of Employees and Turnover	Male	Female
Number of Employees	256	112
Number of New Employees	71	25
Number of Resigned Employees	59	25
FY2019 Turnover percentage	18.04%	18.25%
FY2018 Turnover percentage	9.86%	9.86%

Employee benefits include and are not limited to:

- Employee Annual Leave
- Outpatient Treatment
- Dental Treatment
- Insurance Coverage
- Examination Leave
- Marriage Leave
- Compassionate Leave
- Birthday Leave
- Maternity Leave
- Paternity Leave
- Extended Childcare/ Childcare Leave
- Adoption Leave
- Shared Parental Leave
- Unpaid Infant Care Leave
- Flexible Working Arrangements
- Paid Non-Hospitalisation and Hospitalisation Leave
- Inpatient Treatment (Group Term Life Insurance Policy of the Group)

Parental Leave

The Group recognises the value that positive parental bonds bring to our society as well as the workplace. Employees are encouraged to utilise their parental leave and as shown in the table below, our employees returned to the Group upon utilisation of their parental leave benefits.

Number of employees that:-	Male	Female
Are entitled to parental leave	2	2
Took parental leave	2	2
Returned to work after their parental leave	2	2
Are still employed 12 months after returning from parental leave	1	2
Return to Work Rate	100%	100%
Retention Rates	50%	100%

Subsequent Reporting for FY2020:

The Group intends to continuously review and revise our employee benefits and seek to provide a fair and competitive remuneration and performance reward package that covers all aspects to nurture a positive working environment. We hope to be able to improve our retention rates with this initiative.

OCCUPATIONAL HEALTH & SAFETY

ISOTeam takes the health and safety of all our workers and employees seriously. The Group is committed to ensuring that our Health and Safety procedures, including proactive tracking and monitoring of incidents, are in place.

Health and safety briefings and trainings are periodically conducted by the Group to ensure that all employees and workers fully understand the hazards associated with their work and are fully equipped with the knowledge, skills and equipment required to safely perform such work.

ISOTeam carries out internal monitoring and collaboration with local regulatory bodies on a consistent basis for all our projects to ensure a high standard of occupational health and safety.

In FY2019, there were zero fatalities or reportable accidents for our employees at the corporate head office. As for our sites, we are proud to report that there has been a reduction in our Workplace Accident Frequency Rate ("**AFR**") and number of reportable workplace accidents.

Although the Accident Severity Rate ("**ASR**") is higher compared to the last reporting period, it is still significantly lower than the 2018 industry average. It is our commitment to continue monitoring and improving our health and safety protocols to prevent any future occurrences. Our employees are covered under the Group's collective insurance scheme and those who have served for more than a year are entitled to regular health screenings paid for by the Group.

Period	Workplace Accident Frequency Rate[1]	Workplace Accident Severity Rate[2]	Number of Reportable Workplace Accidents
July 2017 to June 2018	2.78	27.83	4
July 2018 to June 2019	1.39	73.84	10
2018 Industry Average	1.5	115	–

Subsequent Reporting for FY2020:

The Group will continue to invest in the occupational health and safety of our employees and partners and strive to further reduce our AFR and ASR with the end goal of eliminating workplace accidents. Through consistent internal safety efforts and active collaboration with local regulatory bodies, we endeavour to create a safe and conducive working environment that will serve as a foundation for high quality and efficient services.

1 Workplace Accident Frequency Rate ("AFR") = (No. of workplace accidents reported X 1,000,000) / Total man hours worked

2 Workplace Accident Severity Rate ("ASR") = (No. of Man days lost to workplace accidents X 1,000,000) / Total man hours worked

SUSTAINABILITY REPORT

TRAINING & EDUCATION

The Group's first core value is people development. We believe that investing in talent development will always be profitable in the long run, and will result in a highly committed and competent team.

Our policies and procedures on training are established to allow employees to further their abilities and skills. Management is responsible for the identification of training needs for the Group's employees as well as communicating the training needs to ensure that employees have both the competencies and skills to perform great work. A training plan, which includes training arrangements for the Group's top management, middle managers, executive and non-executive employees, is established and approved by the management annually and this serves as a schedule for training requirements.

In FY2019, our employees underwent training and education conducted by external parties in areas such as:

- Administrative Support
- Technical Support
- Workplace Safety and Health
- Personal Performance
- Leadership

Average training hours for our employees are depicted in the below data:

Average Training Hours: 10.96 hours	
Average Training Hours by Gender:	
Male: 16.79 hours	Female : 4.26 hours

As the Group is in the construction industry, trainings for functional supervisors on project related topics as well as equipment related trainings are crucial and vital to their roles and responsibilities.

Besides mandatory training, in-house training and orientation programmes are also conducted for employees based on job requirements and varying responsibilities.

All our employees have taken part in our annual appraisal process where employee performance and career development reviews are performed through the Group's E-appraisal system. The appraisal practice serves as a two-way communication channel between Management and employees while enabling them to identify skills and opportunities for future growth.

Subsequent Reporting for FY2020:

The Group will continue to provide assistance to our employees in training and development with plans to increase training hours and areas to ensure that all employees are well-rounded and sufficiently skilled to take up multi-faceted roles.

COMMUNITY ENGAGEMENT

Deeply entrenched in ISOTeam's corporate culture is the spirit of giving back to society. Besides directly engaging communities through charitable projects, the Group strongly believes that an alternative and yet effective way of giving back to society is through the introduction of sustainable products and solutions which have long lasting positive impact on the lifestyle and environment of the communities we operate in. Therefore, green initiatives undertaken by ISOTeam, which are detailed in the next section, are also viewed as an effort in our communal contribution.

In FY2019, the Group took part in a community outreach programme in conjunction with Faith Methodist Church. A total of nine underprivileged and needy households received a fresh coat of paint for their units. Many of these occupants are advanced in age, and would have found it inconvenient to repaint their homes if not for this initiative. Our shareholder Nippon Paint Singapore was the sponsor of the paint materials for this programme.

Other programmes and events involving community engagement over the years include:

- On an annual basis: Charity painting programme for underprivileged households
- Over 80 ISOTeam employees were involved in our beach cleaning exercise on the Company's Green Day in FY2019

In addition, we made cash contributions to various organisations for activities in support of community development, the needy and underprivileged. Donations in FY2019 included:

- $10,000 to the 1000 Enterprises for Children-In-Need Programme, a fund-raising initiative by the Singapore Children's Society which is into its 6th year
- $7,400 to religious organisations and other charity organisations
- $2,000 to a charity golf event in support of various charities

The Group also carried out environmental impact assessments to reduce and control negative environmental impact to the communities we operate in. These are usually conducted together with the local council, customers, as well as our employees working on site. As of today, the Group has not received any complaints from local communities about its work.

Subsequent Reporting for FY2020:

At ISOTeam, giving back to the community will always be an integral part of the Group's activities. We believe that we have a social responsibility to support the less fortunate and underprivileged through various programmes and donations, and will continue to help those in need to the best of our abilities. The Group will also ensure that the work we carry out has minimal negative impact to the communities we operate in, and maintain our low complaint record.

Staff participation in Town Council sports event

Over 80 ISOTeam employees were involved in our beach cleaning exercise

SUSTAINABILITY REPORT

GREEN-VALUE AND INITIATIVES

The Group is aware of the environmental impact that is associated with the materials used during the construction of our projects, and we take great effort to incorporate the use of renewable and recyclable materials in our products.

We take pride in being a recipient of the BCA Green Mark Award and the BCA Green and Gracious Builder Award (Excellent). We have since relocated to our new office building at 8 Changi North Street 1. We have always incorporated eco-friendly and sustainable materials into our building materials, and the accolades we received reaffirm our commitment to reduce the impact our business activities has on the environment.

ISOTeam is also a registered corporate member of the Singapore Green Building Council ("**SGBC**"), which forms part of the World Green Building Council ("**WGBC**"). The WGBC's mission is to create green buildings for everyone, everywhere – enabling people to thrive both today and tomorrow, by championing local and global leadership while empowering communities to drive change. Some of the products we use such as Thermal Plaster, Composite Timber Decking System, and DFI Coating System are already SCBC certified. These certifications serves as a mark of our commitment to the environment through sustainable products and practices.

A great example that showcases our sustainable practice is the sourcing of composite timber for our building materials. The eco-friendly wood plastic composite profile is a combination of 30% recycled plastic and 60% hardwood saw dust. The remaining 10% is a mixture of anti-oxidation agent, stabilisers, anti-fungus agents and ultraviolet inhibitors.

The material is extruded by specialised wood plastic extruding machines under high temperature and pressure so as to achieve the best capacity of UV resistance and reduced property of thermal expansion and contraction.

Composite timber is able to achieve the conventional aesthetics of natural timber while having better properties in multiple aspects such as slip resistance, heat resistance, splinter-free, termite free and it is 100% recyclable and environmentally friendly.

Some of our other products that uses renewable materials include Eco Pressure grout, Eco Screed, Eco Skim Plus, and Eco Tile Bond.

ISOTeam is also marketing an eco-friendly public health pesticide called the Cockroaches and Odour Remover ("**CnO**"). CnO has the potential to eliminate or greatly reduce the use of chemical pesticide for all HDB blocks' refuse chutes as the chutes are fumigated two to three times a year to eradicate cockroach infestations. This is expected to greatly reduce the chemical residue that conventional pesticides leave on our environment, as well as generating significant savings for HDB blocks in terms of chemical costs. This is a testament of our commitment to continuously improve the efficacy and efficiency of our methods which could have a lasting impact on the environment and communities. CnO has cleared all regulatory tests and is currently in progress to obtain NEA's in principle approval.

Another green initiative we have in place is the adoption of solar panels in our new office building. We have incorporated the use of Photovoltaic ("**PV**") solar panels as an effort to reduce the dependency on traditional energy sources to power the building.

Composite timber benches in Punggol estate

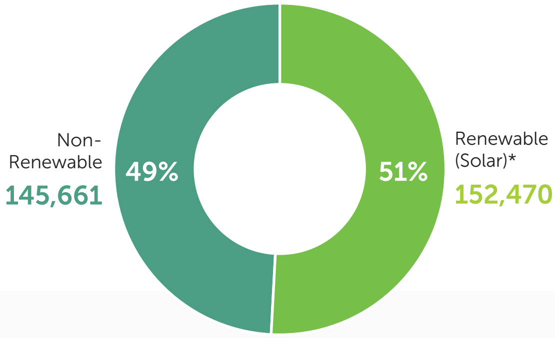
Composite timber decking in Punggol estate

Solar energy is a renewable free source of energy, which is sustainable and inexhaustible. It is also a non-polluting source of energy as it does not emit any greenhouse gases during power generation. Besides that, the incorporation of solar energy into the power grid also improves grid stability and reliability. Solar panels help in spreading out the load of power generation evenly by decreasing the stress exerted on power stations, thus reducing the risk of massive blackouts.

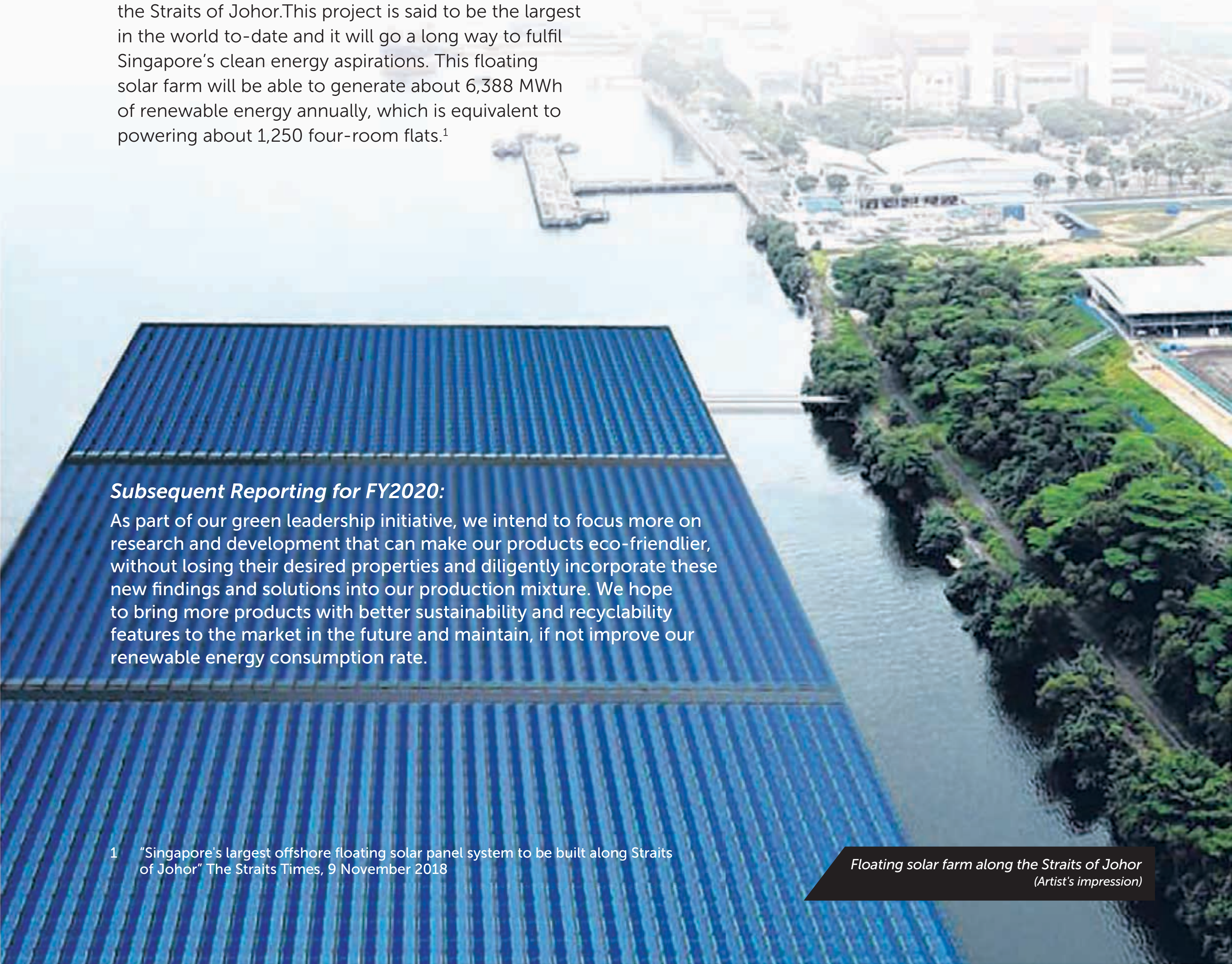
Solar panels also reduce costs of utilities as the surplus generated from the panels will be sold back to the supplier, and the Group will be able to utilise bonus payments from the surplus. The pie chart depicts relevant energy consumption data of the Group.

ISOTeam is currently involved in the construction of a floating solar farm the size of five football fields along the Straits of Johor.This project is said to be the largest in the world to-date and it will go a long way to fulfil Singapore's clean energy aspirations. This floating solar farm will be able to generate about 6,388 MWh of renewable energy annually, which is equivalent to powering about 1,250 four-room flats.[1]

Energy Consumption from January to August 2019
(KW)



* Available data on solar energy is quoted in kWp. The typical solar panel yield ranges from 1,000kWh/kWp to 2,000kWh/kWp, and is affected by a multitude of factors. We have opted to use the lowest range for our estimation.



Subsequent Reporting for FY2020:

As part of our green leadership initiative, we intend to focus more on research and development that can make our products eco-friendlier, without losing their desired properties and diligently incorporate these new findings and solutions into our production mixture. We hope to bring more products with better sustainability and recyclability features to the market in the future and maintain, if not improve our renewable energy consumption rate.

1 "Singapore's largest offshore floating solar panel system to be built along Straits of Johor" The Straits Times, 9 November 2018

Floating solar farm along the Straits of Johor
(Artist's impression)

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Reasons for Omission, where applicable
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	**Organisational Profile**	
	102-1 Name of the organisation	Corporate Profile (Page 1)
	102-2 Activities, brands, products, and services	Our Business (Page 2)
	102-3 Location of headquarters	Corporate Information (IBC)
	102-4 Location of operations	Corporate Information (IBC)
	102-5 Ownership and legal form	Corporate Profile (Page 1)
	102-6 Markets served	Corporate Profile (Page 1)
	102-7 Scale of the organisation	Our Business (Page 2) Financial Highlights (Page 6) Employment (Page 28)
	102-8 Information on employees and other workers	Employment (Page 28)
	102-9 Supply chain	Supply Chain Management (Page 24)
	102-10 Significant changes to the organisation and its supply chain	Joint Chairman and CEO's Message (Page 8) Supply Chain Management (Page 24)
	102-11 Precautionary principle or approach	Green Values and Initiatives (Page 32)
	102-12 External initiatives	Community Engagement (Page 31)
	102-13 Membership of associations	Certificates and Accolades (Page 4)
	Strategy	
	102-14 Statement from senior decision maker	Joint Chairman and CEO's Message (Page 8)
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	IFC
	Governance	
	102-18 Governance structure	IBC
	Stakeholder Engagement	
	102-40 List of stakeholder groups	Stakeholder Group and Engagement Activities (Page 25)
	102-41 Collective bargaining agreements	Not applicable
	102-42 Identifying and selecting stakeholders	Stakeholder Group and Engagement Activities (Page 25)
	102-43 Approach to stakeholder engagement	Stakeholder Group and Engagement Activities (Page 25)
	102-44 Key topics and concerns raised	Management Approach and Material Topics (Page 27)

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Reasons for Omission, where applicable
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	Corporate Structure (Page 5)
	102-46 Defining report content and topic boundaries	About This Report (Page 22)
	102-47 List of material topics	Management Approach and Material Topics (Page 27)
	102-48 Restatements of information	Not applicable
	102-49 Changes in reporting	Not applicable
	102-50 Reporting period	About This Report (Page 22)
	102-51 Date of most recent report	11 October 2018
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	About This Report (Page 22)
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report (Page 22)
	102-55 GRI content index	GRI Content Index (Page 34)
	102-56 External assurance	Not applicable
MATERIAL TOPICS		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Highlights (Page 6), Order Book (Page 17), Financial Review (Page 18)
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment (Page 28)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment (Page 28)
	401-3 Parental leave	Employment (Page 28)

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Reasons for Omission, where applicable
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management – worker health and safety committees	Occupational Health & Safety (Page 29)
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health & Safety (Page 29)
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training & Education (Page 30)
	404-2 Programs for upgrading employee skills and transition assistance programmes	Training & Education (Page 30)
	404-3 Percentage of employees receiving regular performance and career development reviews	Training & Education (Page 30)
Community Engagement (Local Communities)		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Community Engagement (Page 31)
Green Value and Initiatives (Energy)		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	Management Approach and Material Topics (Page 27)
	103-2 The management approach and its components	Management Approach and Material Topics (Page 27)
	103-3 Evaluation of the management approach	Management Approach and Material Topics (Page 27)
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Green Values and Initiatives (Page 32)

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 the 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 2019 ("**FY2019**"), with reference made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**").

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**2018 Code**") and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structure in place to comply with the 2018 Code, where appropriate, in its next annual report for the financial year ending 30 June 2020.

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.

CORPORATE GOVERNANCE REPORT

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

The Board meets at least four times a year. 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.

During FY2019, the number of Board and Board committee meetings held and attended by each member of the Board are as follows:

Types of Meetings / Names of Directors	Board	AC	NC	RC
Total held for FY2019	4	4	1	1
Ng Cheng Lian	4#	4*	1*	1*
Koh Thong Huat	4	4*	1*	1*
Foo Joon Lye	4	4*	1*	1*
Tan Eng Ann	4	4#	1	1
Soh Chun Bin	4	4	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 management personnel;
- announcement of quarterly and full year results, the annual report and financial statements;
- material acquisition 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 was no new Director appointed in FY2019.

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.

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 judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board currently comprises 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

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 and as and when circumstances required by the NC based on the guidelines set forth in the Code, the 2018 Code and the Catalist Rules to ensure that there is 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 and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years, and they also do not have any relationships with the Company, its related corporations, its substantial 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 character and judgement, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Currently, no Independent Director has served on the Board beyond nine years from the date of his or 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, sets 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 FY2019.

Where necessary, the Lead Independent Director will chair meetings without the 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, guided by the independent guidelines contained in the Catalist Rules and the 2018 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

CORPORATE GOVERNANCE REPORT

(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.

The NC also determines, on an annual basis, the independence of Directors. For FY2019, the NC has assessed and affirmed that the Independent Directors are independent.

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 Company's Constitution 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 Company's Constitution 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 Foo Joon Lye and Ms Ng Kheng Choo 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 2017	Nil	Nil
Koh Thong Huat	12 December 2012	26 October 2018	Nil	Nil
Foo Joon Lye	12 December 2012	25 October 2016	Nil	Nil
Tan Eng Ann	7 June 2013	27 October 2017	• AM Group Holdings Limited#	• GCCP Resources Limited • Hiap Tong Corporation Ltd. • SingAsia Holdings Limited*
Soh Chun Bin	7 June 2013	26 October 2018	• Geo Energy Resources Limited • Lorenzo International Limited • Triyards Holdings Limited	Nil
Ng Kheng Choo	7 June 2013	25 October 2016	• OKH Global Ltd.	Nil

Notes:

Listed on the Mainboard of the Stock Exchange of Hong Kong Limited

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

CORPORATE GOVERNANCE REPORT

The academic and professional qualifications and the principal commitments of each Director, as well as 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.

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 FY2019.

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. Such information includes budgets, forecasts, quarterly and annual financial statements, as well as information relating to matters to be tabled at Board meetings for approval. 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.

CORPORATE GOVERNANCE REPORT

The Company Secretaries are responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act, Chapter 50 (the "**Companies Act**") and Catalist Rules are complied with. Either one of them will attend the Board and Board committees' meetings. 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.

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 the 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.

CORPORATE GOVERNANCE REPORT

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.

The Executive Directors, namely Mr Ng Cheng Lian, Mr Koh Thong Huat and Mr Foo Joon Lye 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 the 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. However, the Company adopts the disclosure of remuneration in bands of $250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

CORPORATE GOVERNANCE REPORT

A breakdown, showing the level and mix of each Director's remuneration for FY2019 is set out below:

Remuneration Band and Name of Director	Fee %	Salary* %	Bonus %	Allowance %	Total %
$500,000 to $750,000					
Ng Cheng Lian	–	69	24	7	100
Koh Thong Huat	–	73	21	6	100
Foo Joon Lye	–	61	30	9	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.

A breakdown, showing the level and mix of each key management personnel's remuneration for FY2019 is set out below:

Remuneration Band and Name of Key Management Personnel	Fee %	Salary* %	Bonus %	Allowance %	Total %
Below $250,000					
Or Thiam Huat	3	79	-	18	100
Lim Kim Hock	3	79	-	18	100
Chan Chung Khang	-	100	-	-	100
Lwin Lwin Aung	-	92	-	8	100
Teng Ann Boon	-	93	-	7	100

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

The aggregate remuneration paid to the above key management personnel amounted to approximately S$718,000 for FY2019.

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 FY2019.

CORPORATE GOVERNANCE REPORT

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 releases 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 Catalist 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.

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 control 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 its policies and procedure 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 FY2019 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.

CORPORATE GOVERNANCE REPORT

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 2019. 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 judgment in decision-making, human errors, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal control system.

Audit Committee

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 has written terms of reference that describe the responsibilities of its members. 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 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 Singapore Financial Reporting Standards (International), 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;

CORPORATE GOVERNANCE REPORT

(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 FY2019 is reflected in Note 6 to the audited financial statements of the Group for FY2019.

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.

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 or 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 FY2019.

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.

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

CORPORATE GOVERNANCE REPORT

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. The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has reviewed and is satisfied that the Group's internal audit function is independent, effective and adequately resourced, staffed by suitably qualified and experienced professionals with the relevant experience, and has an appropriate standing within the Company. Such 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.

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 Company's Constitution 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 provisions of 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, 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 via 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 report 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.

CORPORATE GOVERNANCE REPORT

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 via 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 recommend the distribution of at least 20% of the Company's consolidated profit after tax and minority interests, excluding non-recurring, one-off and exceptional items, to its shareholders.

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 Company's Constitution allows any shareholder of the Company, if he is unable to attend any general meetings, to appoint not more than two proxies to attend and vote on his behalf at the meetings through proxy forms sent in advance. In line with the provisions of 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.

The Board adheres to the requirements of the Catalist Rules 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.

CORPORATE GOVERNANCE REPORT

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.

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.

There were no interested person transactions entered into during FY2019 with a value of more than S$100,000 each.

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 FY2019.

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 FY2019, 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.

CORPORATE GOVERNANCE REPORT

Information on Directors Seeking Re-Election

Mr Foo Joon Lye and Ms Ng Kheng Choo are the Directors seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Foo Joon Lye and Ms Ng Kheng Choo in accordance with Appendix 7F of the Catalist Rules is set out below:

	FOO JOON LYE	NG KHENG CHOO
Date of appointment	12 December 2012	7 June 2013
Date of last re-appointment (if applicable)	25 October 2016	25 October 2016
Age	55	45
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Foo's overall contributions and performance, is of the view that he is suitable for re-appointment as an Executive Director of the Company.	The Board, having considered the recommendation of the NC and assessed Ms Ng's overall contributions and performance, is of the view that she is suitable for re-appointment as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. As set out in Mr Foo's profile write-up at page 10 of this annual report.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairperson of the NC and member of the AC and RC
Professional qualifications	Nil	Member of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	As set out in Mr Foo's profile write-up at page 10 of this annual report.	As set out in Ms Ng's profile write-up at page 11 of this annual report.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 127,636,406 ordinary shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

	FOO JOON LYE	NG KHENG CHOO
Other principal commitments including directorships	Past (for the last 5 years) Directorships: Golden Mile Thien Kee Pte. Ltd. Other Principal Commitments: Nil Present Directorships: ADD Investment Holding Pte. Ltd. ADD Group Pte. Ltd. Industrial Contracts Marketing (2001) Pte Ltd ISO-Seal Engineering Pte Ltd ISO-Seal Waterproofing Pte. Ltd. ISO-Team Corporation Pte Ltd ISOTeam Access Pte. Ltd. ISOTeam C&P Pte. Ltd. ISOTeam Green Solutions Pte. Ltd. ISOTeam Projects Pte. Ltd. Raymond Construction Pte Ltd TMS Alliances Pte. Ltd. ISOTeam TMS (Myanmar) Limited ITG Projects Sdn Bhd Other Principal Commitments: Nil	Past (for the last 5 years) Directorships: Corporate Residence Pte. Ltd. Singhaiyi Capital Pte. Ltd. Singhaiyi Land Pte. Ltd. Singhaiyi Investments Pte. Ltd. Charlton Residences Pte. Ltd. Singxpress Land (Pasir Ris) Pte. Ltd. Singxpress Kaylim Pte. Ltd. Singxpress Property Development Pte. Ltd. Reef Development Holdings Pte. Ltd. OUE Reef Development Pte. Ltd. Tampines EC Pte. Ltd. Phoenix Real Estate Pte. Ltd. Perennial Somerset Investors Pte. Ltd. Anchorvale Residences Pte. Ltd. Phoenix 99 Pte. Ltd. Park Mall Pte. Ltd. Other Principal Commitments: Nil Present Directorships: OKH Global Ltd. VIT Consultancy Private Limited Beehive Asset Management Pte. Ltd. Other Principal Commitments: Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

CORPORATE GOVERNANCE REPORT

	FOO JOON LYE	NG KHENG CHOO
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

	FOO JOON LYE	NG KHENG CHOO
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

	FOO JOON LYE	NG KHENG CHOO
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	The Group had, in the course of its business, been fined by regulatory and statutory bodies such as the Ministry of Manpower and National Environment Agency for infringement of certain environmental and safety rules and regulations from time to time.	No

CORPORATE GOVERNANCE REPORT

	FOO JOON LYE	NG KHENG CHOO
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable).	Not applicable	Not applicable

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 2019.

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 141 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 2019 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 Singapore Financial Reporting Standards (International); 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 with no par value			
	Shareholdings registered in the name of directors		Shareholdings in which a director is deemed to have an interest	
Name of directors	At 1.7.2018	At 30.6.2019	At 1.7.2018	At 30.6.2019
Company				
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 2019, 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 2019.

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 1.7.2018	At 30.06.2019
Zara@ISOTeam Pte. Ltd.	51,000	76,500
ISOTeam TMS (Myanmar) Limited	45,000	45,000
ISO-Integrated M&E Pte. Ltd.	329,502	329,502
ISO-Homecare Pte. Ltd.	204,000	204,000
SG Bike Pte. Ltd.	510,000	510,000

The directors' interests as at 21 July 2019 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 the 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 members of the Remuneration Committee are Soh Chun Bin, Tan Eng Ann and Ng Kheng Choo. 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 number of issued shares of the Company on the day preceding the relevant grant 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 Singapore Financial Reporting Standards (International), 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;

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

(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 Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(j) 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 Audit Committee; 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

4 October 2019

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 141, which comprise the statements of financial position of the Group and the Company as at 30 June 2019, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 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 2dd, 3 and 17 to the financial statements)

Description of key audit matter

Revenue arising from construction contracts represents 96% of the Group's total revenue. The accounting policy for revenue recognition is set out in Note 2(p) to the financial statements.

The Group accounts for its contract revenue over time by measuring the progress towards complete satisfaction of performance obligation as the customer simultaneously receives and consumes the benefits as the Group satisfies the performance obligation promised in the contracts.

The judgement and estimation applied in assessing the stage of completion can significantly impact the results of the Group and accordingly we have determined this to be a key audit matter.

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 terms and status of on-going contracts through discussions with management and examination of contract documentation (including correspondences with customers) to understand the specific terms for recognition of revenue. We obtained an understanding of the revenue recognition process, evaluated the design of the relevant internal controls and performed walkthrough of the revenue transactions.

We reviewed the contract terms and conditions and contractual sums, and substantiated project revenue and cost incurred, total transaction price and total budgeted cost estimated for significant projects. 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's acknowledgement of work completed. We also reviewed management's basis used in estimating variation orders and claims. No significant onerous contracts were noted.

For a selection of contract assets, we assessed the recoverability of the carrying amounts by checking to customer's acknowledgement of work completed, enquiring with management and reviewing correspondences to identify potential dispute on the work done.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, 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.

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 SFRS(I), 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.

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

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.

- 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.

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)

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 Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

4 October 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue	3	**136,601**	83,801
Cost of sales		**(114,966)**	(70,838)
Gross profit		**21,635**	12,963
Other income	4	**3,109**	1,860
Marketing and distribution expenses		**(1,173)**	(1,725)
General and administrative expenses		**(14,762)**	(12,886)
Finance costs	5	**(1,164)**	(570)
Other operating expenses		**(409)**	(438)
Share of results of associate		**19**	–
Profit/(loss) before tax	6	**7,255**	(796)
Tax (expense)/credit	8	**(952)**	520
Profit/(loss) for the year		**6,303**	(276)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation gain		**25**	16
Other comprehensive income for the year, net of tax		**25**	16
Total comprehensive income/(loss) for the year		**6,328**	(260)
Profit/(loss) attributable to:			
Equity holders of the Company		**6,757**	493
Non-controlling interests		**(454)**	(769)
		6,303	(276)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**6,779**	508
Non-controlling interests		**(451)**	(768)
		6,328	(260)
Earnings per share attributable to equity holders of the Company			
Basic and diluted (cents)	9	**2.37**	0.17

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2019

		Group			Company		
	Note	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Non-current assets							
Property, plant and equipment	10	**30,247**	34,238	29,725	**–**	–	–
Investment property	11	**911**	–	–	**–**	–	–
Goodwill	12	**2,658**	2,658	2,658	**–**	–	–
Intangible assets	13	**2,075**	2,923	4,650	**–**	–	–
Other investments	14	**7,743**	6,048	6,462	**6,711**	5,000	5,000
Investment in subsidiaries	15	**–**	–	–	**33,686**	34,229	35,767
Investment in associate	16	**438**	–	–	**265**	–	–
Total non-current assets		**44,072**	45,867	43,495	**40,662**	39,229	40,767
Current assets							
Contract assets	17	**32,151**	15,661	12,437	**–**	–	–
Asset held for sale	18	**2,330**	–	–	**–**	–	–
Inventories	19	**1,877**	486	271	**–**	–	–
Trade and other receivables	20	**33,523**	27,665	23,660	**20,272**	12,145	9,456
Cash and bank balances	21	**9,029**	12,200	14,830	**1,092**	3,376	1,303
Total current assets		**78,910**	56,012	51,198	**21,364**	15,521	10,759
Total assets		**122,982**	101,879	94,693	**62,026**	54,750	51,526
Non-current liabilities							
Finance lease liabilities	22	**2,764**	2,478	1,752	**–**	–	–
Bank borrowings	23	**9,927**	12,101	11,701	**–**	–	–
Deferred tax liabilities	24	**898**	1,160	1,575	**–**	–	–
Other payable	25	**–**	–	600	**–**	–	600
Total non-current liabilities		**13,589**	15,739	15,628	**–**	–	600
Current liabilities							
Contract liabilities	17	**263**	–	–	**–**	–	–
Trade and other payables	25	**21,996**	19,583	19,691	**5,225**	4,763	3,991
Finance lease liabilities	22	**1,283**	1,150	972	**–**	–	–
Bank borrowings	23	**25,922**	11,699	6,408	**9,300**	4,400	3,179
Tax payables		**375**	140	158	**–**	–	–
Total current liabilities		**49,839**	32,572	27,229	**14,525**	9,163	7,170
Total liabilities		**63,428**	48,311	42,857	**14,525**	9,163	7,770
Net assets		**59,554**	53,568	51,836	**47,501**	45,587	43,756
Share capital and reserves							
Share capital	26(a)	**29,618**	29,618	29,618	**29,618**	29,618	29,618
Treasury shares	26(b)	**(267)**	(256)	(562)	**(267)**	(256)	(562)
Accumulated profits	26(c)	**34,309**	28,066	29,418	**18,075**	16,150	14,597
Foreign currency translation reserve	27	**44**	22	7	**–**	–	–
Merger reserve	28	**(7,338)**	(7,338)	(7,338)	**–**	–	–
Other reserves		**1,065**	1,065	(4)	**75**	75	103
Equity attributable to equity holders of the Company		**57,431**	51,177	51,139	**47,501**	45,587	43,756
Non-controlling interests		**2,123**	2,391	697	**–**	–	–
Total equity		**59,554**	53,568	51,836	**47,501**	45,587	43,756

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	← 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
2019									
Balance at 1.7.2018	29,618	28,066	(7,338)	(256)	22	1,065	51,177	2,391	53,568
Profit for the year	–	6,757	–	–	–	–	6,757	(454)	6,303
Other comprehensive income									
Foreign currency translation gain (Note 27)	–	–	–	–	22	–	22	3	25
Other comprehensive income for the year, net of tax	–	–	–	–	22	–	22	3	25
Total comprehensive income for the year	–	6,757			22		6,779	(451)	6,328
Contributions by and distributions to equity holders									
Dividend (Note 30)	–	(513)	–	–	–	–	(513)	(14)	(527)
Purchase of treasury shares (Note 26(b))	–	–	–	(322)	–	–	(322)	–	(322)
Treasury shares reissued pursuant to acquisition of a subsidiary (Note 26(b))	–	–	–	311	–	–	311	–	311
Contribution by non-controlling interests	–	–	–	–	–	–	–	25	25
	–	(513)	–	(11)	–	–	(524)	11	(513)
Changes in ownership interest in a subsidiary									
Divestment in a subsidiary	–	(1)	–	–	–	–	(1)	172	171
Total transactions with equity holders of the Company	–	(514)	–	(11)	–	–	(525)	183	(342)
Balance at 30.6.2019	**29,618**	**34,309**	**(7,338)**	**(267)**	**44**	**1,065**	**57,431**	**2,123**	**59,554**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	← 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
2018									
Balance at 1.7.2017	29,618	36,038	(7,338)	(562)	8	(4)	57,760	1,009	58,769
Effects of adoption of SFRS(I) 15	–	(6,620)	–	–	(1)	–	(6,621)	(312)	(6,933)
	29,618	29,418	(7,338)	(562)	7	(4)	51,139	697	51,836
Loss for the year	–	493	–	–	–	–	493	(769)	(276)
Other comprehensive income									
Foreign currency translation gain (Note 27)	–	–	–	–	15	–	15	1	16
Other comprehensive income for the year, net of tax	–	–	–	–	15	–	15	1	16
Total comprehensive income for the year	–	493	–	–	15	–	508	(768)	(260)
Contributions by and distributions to equity holders									
Dividend (Note 30)	–	(1,845)	–	–	–	–	(1,845)	(127)	(1,972)
Purchase of treasury shares (Note 26(b))	–	–	–	(322)	–	–	(322)	–	(322)
Treasury shares reissued pursuant to acquisition of a subsidiary (Note 26(b))	–	–	–	628	–	(28)	600	–	600
Contribution by non-controlling interests	–	–	–	–	–	–	–	686	686
	–	(1,845)	–	306	–	(28)	(1,567)	559	(1,008)
Changes in ownership interest in a subsidiary									
Divestment in a subsidiary	–	–	–	–	–	1,097	1,097	1,903	3,000
Total transactions with equity holders of the Company	–	(1,845)	–	306	–	1,069	(470)	2,462	1,992
Balance at 30.6.2018	29,618	28,066	(7,338)	(256)	22	1,065	51,177	2,391	53,568

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit/(loss) before tax	**7,255**	(796)
Adjustments for:		
Amortisation of intangible assets	**848**	2,023
Depreciation of property, plant and equipment	**3,771**	3,109
Depreciation of investment property	**18**	–
Loss/(gain) on disposal of property, plant and equipment (net)	**33**	(87)
Interest income	**(111)**	(105)
Interest expense	**1,090**	509
Property, plant and equipment written off	**41**	32
Allowance for impairment on receivables (net)	**3,385**	65
Bad debts written off	**–**	22
Inventories written off	**–**	7
Gain on disposal of a subsidiary (Note B)	**(730)**	–
Share of results of associate	**(19)**	–
Net fair value gain of other investment	**(1,711)**	–
Operating profit before working capital changes	**13,870**	4,779
Contract assets	**(16,482)**	(3,224)
Trade and other receivables	**(9,284)**	(3,950)
Trade and other payables	**3,290**	(364)
Inventories	**(1,391)**	(222)
Cash used in operations	**(9,997)**	(2,981)
Interest received	**127**	119
Interest paid	**(1,090)**	(509)
Tax paid	**(979)**	(76)
Net cash used in operating activities	**(11,939)**	(3,447)
Cash flows from investing activities		
Purchases of property, plant and equipment (Note A)	**(1,392)**	(5,686)
Proceeds from disposal of property, plant and equipment	**154**	398
Proceeds from divestment of a subsidiary	**–**	3,000
Addition to intangible assets	**–**	(60)
Net cash inflows from disposal of a subsidiary (Note B)	**63**	–
Net cash outflows on acquisition of business (Note C)	**–**	(123)
Net cash used in investing activities	**(1,175)**	(2,471)
Cash flows from financing activities		
Fixed deposits pledged to bank	**(50)**	(1,111)
Drawndown of bank borrowings	**20,176**	7,424
Repayment of bank borrowings	**(9,016)**	(1,605)
Repayment of finance lease	**(1,470)**	(1,316)
Dividend paid	**(513)**	(1,845)
Dividend paid by subsidiary company to non-controlling interests	**(14)**	(127)
Capital contributed by non-controlling interest	**25**	686
Purchase of treasury shares	**(322)**	(322)
Due to related parties (non-trade)	**188**	121
Net cash generated from financing activities	**9,004**	1,905
Net decrease in cash and cash equivalents	**(4,110)**	(4,013)
Cash and cash equivalents at beginning of financial year	**9,309**	13,322
Cash and cash equivalents at end of financial year	**5,199**	9,309

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

	2019 $'000	2018 $'000
Cash in hand and at bank (Note 21)	**3,599**	4,826
Fixed deposits (Note 21)	**5,430**	7,374
	9,029	12,200
Less: Fixed deposits pledged (Note 21)	**(2,800)**	(2,750)
Less: Bank overdrafts (Note 23)	**(1,030)**	(141)
	5,199	9,309

Note A

The Group acquired property, plant and equipment with an aggregate cost of $3,288,000 (2018: $7,848,000). The addition were by way of cash payments of $1,392,000 (2018: $5,686,000) and finance lease of $1,896,0000 (2018: $2,162,000).

Note B

The net cash inflows from disposal of a subsidiary were:

	2019 $'000
Property, plant and equipment	**14**
Trade and other receivables	**42**
Cash and bank balances	**37**
Trade and other payables	**(476)**
Net liabilities disposed	**(383)**
Less: Non-controlling interest	**172**
Carrying value of net liabilities	**(211)**
Consideration in cash	**100**
Less: Cash and cash equivalents of the subsidiary	**(37)**
Net cash inflows from disposal of a subsidiary	**63**
Gain on disposal of a subsidiary	
Proceeds of disposal	**100**
Less: Net liabilities derecognised	**211**
Add: Fair value of retained interest of investment in associate	**419**
Gain recognised	**730**

The gain on disposal attributable to measuring the retained interest amounted to $730,000 was included in other income in profit or loss.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note C

The fair value of the identifiable assets and liabilities of the business acquired at the acquired date were:

	2018 $'000
Property, plant and equipment	114
Trade and other receivables	206
Cash and bank balances	7
Trade and other payables	(148)
Finances lease liabilities	(58)
Deferred tax liabilities	(9)
Total identifiable net assets at fair value	112
Intangible assets	18
Total purchase consideration settled in cash	130
Less cash and bank balances of the business acquired	(7)
Net cash outflows on acquisition of business	123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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. 8 Changi North Street 1, ISOTeam Building, Singapore 498829.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 15.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)"). 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 SFRS(I) 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.

Use of estimates and judgements

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 of resulting in material adjustment within next financial year, are disclosed in Note 2(dd) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 July 2018.

These financial statements for the year ended 30 June 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 July 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) and SFRS(I) 15 on the Group's and the Company's financial position as at 1 July 2017, 30 June 2018 and 1 July 2018 and the Group's profit or loss and other comprehensive income for the year ended 30 June 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 30 June 2018 arising on transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position

		30 June 2018 and 1 July 2018			1 July 2017		
	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Non-current assets							
Property, plant and equipment		34,238	–	34,238	29,725	–	29,725
Goodwill		2,658	–	2,658	2,658	–	2,658
Intangible assets		2,923	–	2,923	4,650	–	4,650
Other investments		6,048	–	6,048	6,462	–	6,462
Total non-current assets		45,867	–	45,867	43,495	–	43,495
Current assets							
Due from customers for contract work-in-progress	B	24,422	(24,422)	–	20,332	(20,332)	–
Contract assets	B	–	15,661	15,661	–	12,437	12,437
Inventories		486	–	486	271	–	271
Trade and other receivables	B	26,887	778	27,665	23,265	395	23,660
Cash and bank balances		12,200	–	12,200	14,830	–	14,830
Total current assets		63,995	(7,983)	56,012	58,698	(7,500)	51,198
Total assets		109,862	(7,983)	101,879	102,193	(7,500)	94,693
Non-current liabilities							
Finance lease liabilities		2,478	–	2,478	1,752	–	1,752
Bank borrowings		12,101	–	12,101	11,701	–	11,701
Deferred tax liabilities		1,160	–	1,160	1,575	–	1,575
Other payable		–	–	–	600	–	600
Total non-current liabilities		15,739	–	15,739	15,628	–	15,628
Current liabilities							
Due to customers for contract work-in-progress	B	3,477	(3,477)	–	2,371	(2,371)	–
Trade and other payables	B	16,106	3,477	19,583	17,887	1,804	19,691
Finance lease liabilities		1,150	–	1,150	972	–	972
Bank borrowings		11,699	–	11,699	6,408	–	6,408
Tax payables		140	–	140	158	–	158
Total current liabilities		32,572	–	32,572	27,796	(567)	27,229
Total liabilities		48,311	–	48,311	43,424	(567)	42,857
Net assets		**61,551**	**(7,983)**	**53,568**	**58,769**	**(6,933)**	**51,836**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position (cont'd)

		30 June 2018 and 1 July 2018			1 July 2017		
	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Share capital and reserves							
Share capital		29,618	–	29,618	29,618	–	29,618
Treasury shares		(256)	–	(256)	(562)	–	(562)
Accumulated profits	B	36,082	(8,016)	28,066	36,038	(6,620)	29,418
Foreign currency translation reserve		16	6	22	8	(1)	7
Merger reserve		(7,338)	–	(7,338)	(7,338)	–	(7,338)
Other reserves		1,065	–	1,065	(4)	–	(4)
Equity attributable to equity holders of the Company		59,187	(8,010)	51,177	57,760	(6,621)	51,139
Non-controlling interests		2,364	27	2,391	1,009	(312)	697
Total equity		**61,551**	**(7,983)**	**53,568**	**58,769**	**(6,933)**	**51,836**

Consolidated statement of comprehensive income

		Year ended 30 June 2018		
	Note	FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Revenue		83,801	–	83,801
Cost of sales	B	(69,780)	(1,058)	(70,838)
Gross profit		14,021	(1,058)	12,963
Other income		1,860	–	1,860
Marketing and distribution expenses		(1,725)	–	(1,725)
General and administrative expenses		(12,886)	–	(12,886)
Finance costs		(570)	–	(570)
Other operating expenses		(438)	–	(438)
Share of results of associate		–	–	–
Profit/(loss) before tax		262	(1,058)	(796)
Tax credit		520	–	520
Profit/(loss) for the year		782	(1,058)	(276)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of comprehensive income (cont'd)

	Note	Year ended 30 June 2018		
		FRS framework $'000	SFRS(I) 15 $'000	SFRS(I) framework $'000
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation gain		8	8	16
Other comprehensive income for the year, net of tax		8	8	16
Total comprehensive income/(loss) for the year		790	(1,050)	(260)
Profit attributable to:				
Equity holders of the Company		1,889	(1,396)	493
Non-controlling interests		(1,107)	338	(769)
		782	(1,058)	(276)
Total comprehensive income attributable to:				
Equity holders of the Company		1,897	(1,389)	508
Non-controlling interests		(1,107)	339	(768)
		790	(1,050)	(260)

A. SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application of SFRS(I) did not have any significant impact on the financial statements.

B. SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 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. SFRS(I) 15 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 SFRS(I) 15 by applying a 5-step approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

B. SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

Under SFRS(I) 15, 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 entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach.

The cumulative effect of initial applying SFRS(I) 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated profits.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

Construction contracts

The Group previously recognised construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period ("percentage of completion method"), 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, approved variations and customer's acknowledgement of work completed.

With the adoption of SFRS(I) 15, the Group will continue to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under SFRS(I) 15, the methods of measuring progress include output methods or input methods. The Group has determined that the output method reflects the over-time transfer of control to customers.

On the adoption of SFRS(I) 15, gross amount due from customers for contract work-in-progress of $20,332,000 and gross amount due to customers for contract work-in-progress of $2,371,000 were de-recognised as at 1 July 2017. Other receivables of $395,000 and accrued costs of $1,804,000 were adjusted, and contract assets of $12,437,000 were recognised as at 1 July 2017 accordingly. Arising from this, accumulated profits decreased by a corresponding $6,620,000 on 1 July 2017.

The Group's statement of financial position as at 30 June 2018 was restated, resulting in the recognition of contract assets of $15,661,000 and adjustment of other receivables and accrued costs of $778,000 and $3,477,000 respectively. The statement of comprehensive income for the year ended 30 June 2018 was also restated, resulting in increases in cost of sales of $1,058,000. Gross amount due from customers for contract work-in-progress of $24,422,000 and gross amount due to customers for contract work-in-progress of $3,477,000 as at 30 June 2018 were de-recognised accordingly. Arising from this, accumulated profits decreased by a corresponding $8,016,000 on 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

C. SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It 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 SFRS(I) 9 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 July 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated profits and other components of equity as at 1 July 2018.

The impact upon adoption of SFRS(I) 9 as at 1 July 2018 was as follows:

(a) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify their financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables (including trade and other receivables (excluding prepayments), other non-current assets and cash and cash equivalents) and held-to-maturity unquoted bond as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 July 2018;

- Investment in unquoted equity shares classified as AFS financial assets at cost as at 30 June 2018 are classified and measured as financial assets at fair value through profit or loss ("FVTPL") beginning 1 July 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

C. SFRS(I) 9 Financial Instruments (cont'd)

(a) Classification and measurement (cont'd)

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group and the Company's required or elected reclassifications as at 1 July 2018 upon adoption on SFRS(I) 9:

		SFRS(I) 9 measurement category	
FRS 39 measurement category	Original carrying amount $'000	FVTPL $'000	Amortised cost $'000
Group			
Loans and receivables			
Trade and other receivables	27,665	–	27,665
Cash and cash equivalents	12,200	–	12,200
Held-to-maturity financial assets			
Unquoted bond	1,048	–	1,048
Available-for-sale financial assets			
Unquoted equity shares	5,000	5,000	–
Company			
Loans and receivables			
Trade and other receivables	12,145	–	12,145
Cash and cash equivalents	3,376	–	3,376
Available-for-sale financial assets			
Unquoted equity shares	5,000	5,000	–

(b) Impairment

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis.

The Group adopts the simplified approach and records lifetime expected loss on all trade receivables and contract assets. At the date of initial application, the Group and Company has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and Company .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below:

SFRS(I) 16 Leases

SFRS(I) 16 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 statement 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. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening accumulated profits as at 1 July 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $604,000 (Note 32(a)). Of these commitments, approximately $530,000 relate to short term leases and leases of low value items which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately $74,000, lease liabilities of approximately $71,000 and deferred tax liability of approximately $2,000 on 1 July 2019.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation

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

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

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

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

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (cont'd)

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 SFRS(I).

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 is recognised in profit or loss.

c) Subsidiaries

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

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

d) Associates

An associate is an entity over which the Group has significant influence but not control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Associates (cont'd)

Distributions received from associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investment in associate is carried at cost less accumulated impairment loss, if any. On disposal of investment in associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

e) 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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) 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 contracts	–	10 months
Customer relationship	–	7 years
Software	–	3 years

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

g) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Property, plant and equipment (cont'd)

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	3 – 5
Office equipment and fittings	3 – 5
Site equipment and fittings	4 – 6
Motor vehicles	2 – 10
Gondolas and machineries	3 – 10
Computers	3
Leasehold properties	10 – 55
Bicycles	4

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.

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

h) Investment property

Investment property comprises a leasehold building that are held to earn rental income and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts of the leasehold building over the estimated useful lives of 55 years. The residual values, useful lives and depreciation method of the investment property are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets

The accounting policy for financial assets before 1 July 2018 are as follows:

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

The accounting policy for financial assets before 1 July 2018 are as follows (cont'd):

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

The accounting policy for financial assets before 1 July 2018 are as follows (cont'd):

Impairment (cont'd)

Financial assets carried at amortised cost (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

The accounting policy for financial assets from 1 July 2018 onwards are as follows:

Recognition and derecognition

Regular way 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.

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.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

The accounting policy for financial assets from 1 July 2018 onwards are as follows (cont'd):

Subsequent measurement

(a) Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments) and investment in debt securities. There are two subsequent measurement categories, depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

(b) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income".

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

The accounting policy for financial assets from 1 July 2018 onwards are as follows (cont'd):

Impairment (cont'd)

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Impairment of non-financial assets excluding goodwill (cont'd)

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.

k) 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.

l) 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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

m) 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.

n) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) 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.

p) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from construction contract

The Group principally operates fixed price contracts. Construction contract revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the output method reflects the over-time transfer of control to customers as the customer simultaneously receives and consumes the benefits as the Group satisfies the performance obligation promised in the contracts.

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), 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, approved variations and customer's acknowledgement of work completed.

Progress billings to the customer is based on certified progress on the construction project. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. A contract liability is recognised when the Group has not satisfied the performance obligation but has received advance consideration from the customer. Contract liabilities are recognised as revenue as the Group satisfies its performance obligation under its contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) Revenue recognition (cont'd)

Revenue from construction contract (cont'd)

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. SFRS(I) 1-2 Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Revenue from services rendered

Revenue from services rendered are recognised as a performance obligation is satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion is determined as the proportion of the total time expected to perform the services that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for the services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

Revenue from sale of goods

The Group transfers control and recognises a sale when they deliver goods to their customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the contract. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

Dividend income is recognised when the rights to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

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

q) Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) 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.

s) 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 loss computed using the impairment methodology under SFRS(I) 9. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 July 2018, the financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

t) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Leases (cont'd)

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.

u) 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.

v) 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.

w) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

w) Income taxes (cont'd)

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.

x) 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 dollar, which is the Company's functional currency.

Transactions and balances

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x) Functional and foreign currencies (cont'd)

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.

y) Dividends

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

z) Cash and cash equivalents in the statement of cash flows

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.

aa) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

bb) 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.

cc) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

dd) 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 assessment of goodwill

Management performs an annual impairment assessment of goodwill. Management uses the discounted cash flow analysis of the cash-generating unit ("CGU") to determine the value in use for the purposes of the impairment assessment.

Forecasting and discounting future cash flows for the impairment assessment involves an element of judgement and requires management to make certain assumptions and apply estimates. Details of the impairment assessment and the carrying values of the Group's goodwill assets at the end of the reporting period are disclosed in Note 12 to the financial statements. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

Impairment of non-financial assets (other than goodwill)

At each reporting date, the Group and Company assess whether there are any indications of impairment for all non-financial assets. The Group and Company also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the Group and Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Impairment of non-financial assets (other than goodwill) (cont'd)

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's and Company's property, plant and equipment, investment property, intangible assets and investment in associate are disclosed in Notes 10, 11, 13 and 16. Details of the key assumptions applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments are disclosed in Note 15. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Calculation of allowance for impairment for financial assets at amortised cost

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables and contract assets are subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables and loans. Details of ECL measurement and carrying values are disclosed in Note 33(b).

Construction contracts

The Group has determined that the output method reflects the over-time transfer of control to customers as the customer simultaneously receives and consumes the benefits as the Group satisfies the performance obligation promised in the contracts.

Construction contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), 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, approved variations and customer's acknowledgement of work completed.

Significant judgement and estimation applied in assessing the stage of completion can significantly impact the results of the Group.

The carrying amounts of the contract assets and liabilities arising at the end of each reporting period are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3 REVENUE

	Group	
	2019 $'000	2018 $'000
Revenue from contracts	**131,806**	79,970
Revenue from other services	**4,721**	3,736
Sale of goods	**74**	95
	136,601	83,801

The following table provides a disaggregation disclosure of the Group's revenue by timing of revenue recognition.

	Group	
	2019 $'000	2018 $'000
Timing revenue recognition		
Over time	**136,527**	83,706
At a point in time	**74**	95
	136,601	83,801

The Group expects to recognise $106,307,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2019 in the financial year 2020 and 2021.

4 OTHER INCOME

	Group	
	2019 $'000	2018 $'000
Government grants	**335**	870
Gain on disposal of property, plant and equipment	**53**	133
Interest income	**111**	105
Administrative income	**19**	106
Fair value gain of other investment	**1,711**	–
Sales of spare parts	**154**	124
Gain on disposal of a subsidiary	**730**	–
Foreign exchange gain	**–**	5
Others	**(4)**	517
	3,109	1,860

Government grants include Wage Credit Scheme, Enhanced Special Employment Credit and other grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5 FINANCE COSTS

	Group	
	2019	**2018**
	$'000	**$'000**
Interest expense:		
- finance lease	**187**	143
- factoring loan	**2**	10
- term loan	**409**	157
- others	**492**	199
Bank charges	**51**	43
Factoring charges	**23**	18
	1,164	570

6 PROFIT/(LOSS) BEFORE TAX

	Group	
	2019	**2018**
	$'000	**$'000**
This is arrived at after charging:		
Allowance for impairment on receivables (Note 33b):		
- third party	19	65
- related parties	3,366	–
Amortisation of intangible asset (Note 13)	848	2,023
Audit fee paid/payable to auditor of the Company	213	210
Audit fee paid/payable to other auditors	5	6
Bad debts written off (Note 20)	–	22
Depreciation of property, plant and equipment (Note 10)	3,771	3,109
Depreciation of investment property (Note 11)	18	–
Fees for non-audit services payable to auditor of the Company	38	33
Loss on disposal of property, plant and equipment	86	46
Personnel expenses (Note 7)	32,000	28,849
Property, plant and equipment written off	41	32
Rental expense	1,352	1,702

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7 PERSONNEL EXPENSES

	Group	
	2019 $'000	2018 $'000
Directors of the Company:		
- Salaries and bonus	**1,214**	1,040
- CPF	**32**	38
- Fees	**141**	141
- Other short-term benefits	**106**	108
Other directors of the subsidiaries:		
- Salaries and bonus	**1,154**	1,247
- CPF	**86**	101
- Fees	**68**	126
- Other short-term benefits	**152**	157
Other key management personnel (non-directors):		
- Salaries and bonus	**313**	377
- CPF	**24**	30
- Other short-term benefits	**18**	17
Total remuneration of key management personnel	**3,308**	3,382
Staff costs:		
- Salaries and bonus	**19,808**	17,365
- CPF	**1,156**	1,067
- Other short-term benefits	**7,728**	7,035
	32,000	28,849

8 TAX EXPENSE/(CREDIT)

	Group	
	2019 $'000	2018 $'000
Tax expense/(credit) attributable to profit/(loss) is made up of:		
Income tax:		
- Current year	**1,892**	438
- Over provision in prior years	**(678)**	(534)
Deferred tax:		
- Current year	**(169)**	(424)
- Over provision in prior years	**(93)**	–
	952	(520)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

8 TAX EXPENSE/(CREDIT) (CONT'D)

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

	Group	
	2019 $'000	**2018 $'000**
Profit before tax	**7,255**	(796)
Tax calculated at a tax rate of 17%	**1,233**	(135)
Singapore statutory stepped income exemption	**(52)**	(122)
Expenses not deductible for tax purposes	**469**	399
Income not subject to tax	**(466)**	(158)
Utilisation of prior year unrecognised deferred tax assets	**–**	(247)
Over provision of taxation in prior years	**(771)**	(534)
Deferred tax assets not recognised for the year	**429**	389
Effect of tax incentives	**(41)**	(180)
Others	**151**	68
	952	(520)

At the reporting date, the Group has unutilised tax losses of approximately $4,579,000 (2018: $2,053,000) 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. No deferred tax assets have been recognised in respect of $4,579,000 (2018: $2,053,000) of such losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

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	
	2019	**2018**
Profit attributable to equity holders of the Company ($'000)	**6,757**	493
Weighted average number of ordinary shares ('000)	**284,726**	284,509
Earnings per share (cents) - Basic and diluted	**2.37**	0.17

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings $'000	Renovation $'000	Office equipment and fittings $'000
Group			
2019			
Cost			
At 1.7.2018	110	5,851	311
Additions	23	282	104
Disposals	(5)	–	(23)
Reclassified as investment property (Note 11)	–	–	–
Reclassified as asset held-for-sale (Note 18)	–	(391)	–
Arising from disposal of a subsidiary	–	–	–
Written off	(9)	(74)	(39)
Exchange differences	–	–	–
At 30.6.2019	**119**	**5,668**	**353**
Accumulated depreciation			
At 1.7.2018	36	1,028	206
Depreciation charge	26	502	60
Disposals	(2)	–	(12)
Reclassified as investment property (Note 11)	–	–	–
Reclassified as asset held-for-sale (Note 18)	–	(363)	–
Arising from disposal of a subsidiary	–	–	–
Written off	(4)	(56)	(32)
Exchange differences	–	–	–
At 30.6.2019	**56**	**1,111**	**222**
Net carrying value			
At 30.6.2019	**63**	**4,557**	**131**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Site equipment and fittings $'000	Motor vehicles $'000	Gondolas and machineries $'000	Computers $'000	Leasehold properties $'000	Bicycles $'000	Total $'000
606	7,576	11,568	1,543	20,186	794	48,545
210	1,442	202	71	–	954	3,288
(2)	(641)	(50)	(16)	–	–	(737)
–	–	–	–	(983)	–	(983)
–	–	–	–	(2,878)	–	(3,269)
–	(27)	–	–	–	–	(27)
–	–	–	(38)	–	–	(160)
–	(4)	(1)	–	–	–	(5)
814	**8,346**	**11,719**	**1,560**	**16,325**	**1,748**	**46,652**
395	3,368	6,223	1,119	1,817	115	14,307
138	871	873	273	641	387	3,771
(2)	(482)	(39)	(13)	–	–	(550)
–	–	–	–	(54)	–	(54)
–	–	–	–	(576)	–	(939)
–	(13)	–	–	–	–	(13)
–	–	–	(27)	–	–	(119)
–	1	1	–	–	–	2
531	**3,745**	**7,058**	**1,352**	**1,828**	**502**	**16,405**
283	**4,601**	**4,661**	**208**	**14,497**	**1,246**	**30,247**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings $'000	Renovation $'000	Office equipment and fittings $'000
Group			
2018			
Cost			
At 1.7.2017	56	994	341
Additions	56	4,885	14
Disposals	–	–	(39)
Acquisition of business	–	–	–
Written off	(2)	(29)	(6)
Exchange differences	–	1	1
At 30.6.2018	110	5,851	311
Accumulated depreciation			
At 1.7.2017	22	768	194
Depreciation charge	14	271	53
Disposals	–	–	(39)
Acquisition of business	–	–	–
Written off	–	(11)	(2)
Exchange differences	–	–	–
At 30.6.2018	36	1,028	206
Net carrying value			
At 1.7.2017	34	226	147
At 30.6.2018	74	4,823	105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Site equipment and fittings $'000	Motor vehicles $'000	Gondolas and machineries $'000	Computers $'000	Leasehold properties $'000	Bicycles $'000	Total $'000
488	6,766	11,122	1,454	20,043	–	41,264
136	1,161	568	91	143	794	7,848
(8)	(540)	(122)	–	–	–	(709)
–	189	1	–	–	–	190
(10)	–	–	(5)	–	–	(52)
–	–	(1)	3	–	–	4
606	7,576	11,568	1,543	20,186	794	48,545
334	2,593	5,506	767	1,355	–	11,539
75	956	812	351	462	115	3,109
(7)	(257)	(95)	–	–	–	(398)
–	76	–	–	–	–	76
(7)	–	–	–	–	–	(20)
–	–	–	1	–	–	1
395	3,368	6,223	1,119	1,817	115	14,307
154	4,173	5,616	687	18,688	–	29,725
211	4,208	5,345	424	18,369	679	34,238

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Motor vehicles	**3,209**	2,560	2,364
Gondolas and machineries	**2,270**	3,203	1,887
Site equipment and fittings	**63**	–	6
Bike	**548**	–	–
	6,090	5,763	4,257

The leasehold properties with carrying amount of $14,497,000 (30.6.2018: $18,369,000; 1.7.2017: $18,688,000) are mortgaged to a bank to secure banking facilities of the Group (Note 23).

Transfer to investment property

During the financial year, the Group transferred one office premise unit that was held as property, plant and equipment to investment property. On that date, the Group commenced leasing out the office premise unit to earn rental income.

11 INVESTMENT PROPERTY

	$'000
Group	
Cost	
At 1.7.2017 and 30.6.2018	–
Reclassified from property, plant and equipment (Note 10)	983
At 30.6.2019	**983**
Accumulated depreciation	
At 1.7.2017 and 30.6.2018	–
Reclassified from property, plant and equipment (Note 10)	54
Depreciation charge	18
At 30.6.2019	**72**
Net carrying amount	
At 1.7.2017 and 30.6.2018	–
At 30.6.2019	**911**
Fair value	
At 30.6.2019	**960**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11 INVESTMENT PROPERTY (CONT'D)

The investment property is mortgaged to a bank to secure banking facilities of the Group (Note 23).

Rental income and direct operating expenses arising from the investment property during the financial year are amounting to $49,000 (2018: $Nil) and $3,000 (2018: $Nil) respectively.

Basis of determination of fair value for disclosure purpose

The fair value is determined by an external and independent valuer, based on the direct comparison method. This approach involves the analysis of arms-length comparable sales and adjustments are made to reflect the differences in location, floor area, floor level as well as transaction date, amongst other factors affecting the values. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market. The fair value measurement is categorised in the Level 3 of the fair value hierarchy.

12 GOODWILL

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Cost			
At 1 July and 30 June	**3,236**	3,236	3,236
Accumulated impairment losses			
At 1 July and 30 June	**578**	578	578
Net carrying value	**2,658**	2,658	2,658

Impairment testing of goodwill

The carrying values of the Group's goodwill on acquisition of four subsidiaries as at 30 June 2019 were assessed for impairment during the financial year.

The Group is structured into four business segments:

- Repair & redecoration ("R&R")
- Coatings & paintings ("C&P")
- Addition and Alteration ("A&A")
- Others which include commercial interior design, home retrofitting, landscaping works, leasing services, waterproofing, green solutions and maintenance & electrical service

Goodwill is allocated for impairment testing purpose to the individual subsidiary which is also the cash generating unit ("CGU").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

12 GOODWILL (CONT'D)

Impairment testing of goodwill (cont'd)

The carrying amount of goodwill allocated to each CGU are as follows:

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Cash Generating Unit and principal activities			
CGU 1 – Repair & redecoration and coatings & paintings	**1,383**	1,383	1,383
CGU 2 – Landscaping works	**279**	279	279
CGU 3 – Leasing services	**821**	821	821
CGU 4 – Commercial interior designs	**175**	175	175
	2,658	2,658	2,658

The recoverable amounts for the above CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The key assumptions applied to the 5-year cash flow projections are as follows:

	CGU 1	CGU 2	CGU 3	CGU 4
Forecast revenue growth rate	5% - 15%	2.48%	5% - 10%	2.48%
Terminal value growth rate	1.7%	1.7%	1.7%	1.7%
Pre-tax discount rate	10.66%	9.70%	10.28%	12.92%

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

Forecast revenue growth rate - Revenue is computed based on secured order book and potential contracts. For CGU 1 and 3, management has forecasted a growth of 15.0% and 5.0% respectively for the financial year FY2020 based on agreed customer contracts, Thereafter, the revenue is forecasted to grow between 5.0% to 15.0% over the budget period for anticipated efficiency improvements. For CGU 2 and CGU 4, an average growth rates of 2.48% per annum was applied for financial year FY2020 to FY2024.

Terminal value growth rate - Cash flows beyond the five-year period are forecasted based on terminal growth rate of 1.7% which does not exceed the nominal GDP rates for the countries in which the CGU operates.

Pre-tax discount rate - 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 specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

12 GOODWILL (CONT'D)

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the CGU 3, the change in the key assumption and the decrease to the recoverable amount recognised on the statement of financial position are:

	Initial assumption Estimate range %	Sensitivity test %	Impact to impairment loss $'000
Assumption			
Forecast revenue growth	5% to 10%	2.5% to 5%	821

For CGU 1, CGU 2 and CGU 4, any reasonable change to the key assumptions applied is not likely to cause the recoverable values to be below their carrying values.

13 INTANGIBLE ASSETS

	Order books $'000	Brand $'000	Licenses $'000	Service agreements $'000	Customer relationship $'000	Software $'000	Total $'000
Group							
Non-current asset							
Cost							
At 1 July 2017	5,122	1,362	43	185	1,022	–	7,734
Acquisition of business	18	–	–	–	–	–	18
Additions	–	–	–	–	–	278	278
At 30 June 2018 and 30 June 2019	**5,140**	**1,362**	**43**	**185**	**1,022**	**278**	**8,030**
Accumulated amortisation							
At 1 July 2017	2,715	204	29	63	73	–	3,084
Amortisation	1,589	136	14	63	146	75	2,023
At 30 June 2018	4,304	340	43	126	219	75	5,107
Amortisation	452	136	–	46	146	68	848
At 30 June 2019	**4,756**	**476**	**43**	**172**	**365**	**143**	**5,955**
Net carrying amount							
At 1 July 2017	2,407	1,158	14	122	949	–	4,650
At 30 June 2018	836	1,022	–	59	803	203	2,923
At 30 June 2019	384	886	–	13	657	135	2,075

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

13 INTANGIBLE ASSETS (CONT'D)

	Favourable contracts $'000
Group	
Current asset	
Cost	
At 1 July 2017, 30 June 2018 and 30 June 2019	**192**
Accumulated amortisation	
At 1 July 2017, 30 June 2018 and 30 June 2019	**192**
Net carrying value	
At 1 July 2017, 30 June 2018 and 30 June 2019	–

In 2018, ISO-Landscape Pte. Ltd. entered into a sale and purchase agreement to acquire a business for a consideration of $130,000. The fair value of the identifiable assets and liabilities of the business acquired as at the acquisition date was disclosed in the Consolidated Statement of Cash Flows (Note C).

14 OTHER INVESTMENTS

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Held-to-maturity financial assets [Note 14(a)]	**–**	1,048	1,462	**–**	–	–
Available-for-sale financial assets [Note 14(c)]	**–**	5,000	5,000	**–**	5,000	5,000
Other financial assets at amortised costs [Note 14(b)]	**1,032**	–	–	**–**	–	–
Financial assets at fair value through profit or loss [Note 14(d)]	**6,711**	–	–	**6,711**	–	–
	7,743	6,048	6,462	**6,711**	5,000	5,000

(a) Held-to-maturity financial assets

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Structured deposit with a financial institution	**–**	–	400
4.60% p.a. SGD corporate bond due 19 January 2021 (unquoted)	**–**	1,048	1,062
	–	1,048	1,462

The structured deposit was denominated in Singapore dollars and matured on 4 June 2018.

The SGD corporate bond is pledged to a bank to secure banking facilities of the Group (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14 OTHER INVESTMENTS (CONT'D)

(a) Held-to-maturity financial assets (cont'd)

In 2018, the fair value of unquoted bond at the reporting date approximates the carrying value. The fair value was determined based on indicative mid-market price as at the reporting date, which was classified in Level 2 of the fair value hierarchy.

This investment has been reclassified to other financial assets at amortised costs under SFRS(I) 9 as at 1 July 2018 upon adoption of SFRS(I) 9.

(b) Other financial assets at amortised costs

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
4.60% p.a. SGD corporate bond due 19 January 2021 (unquoted)	**1,032**	–	–

The SGD corporate bond is pledged to a bank to secure banking facilities of the Group (Note 23).

The unquoted bond has fair value at the reporting date amounting to $1,032,000. The fair value is determined based on indicative mid-market price as at the reporting date, which is classified in Level 2 of the fair value hierarchy.

(c) Available-for-sale financial assets

	Group and Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Equity shares (unquoted)	**–**	5,000	5,000

Unquoted equity shares represent interest in a company in Singapore which is engaged in solar energy solutions including financing, designing, installation, and maintenance services. The investments were carried at cost as the fair value of these unquoted equity investments cannot be measured reliably.

This investment has been reclassified to financial assets at fair value through profit or loss under SFRS(I) 9 as at 1 July 2018 upon adoption of SFRS(I) 9.

(d) Financial assets at fair value through profit or loss

	Group and Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Equity shares (unquoted)	**6,711**	–	–

Unquoted equity shares represent interest in a company in Singapore which is engaged in solar energy solutions including financing, designing, installation, and maintenance services. The fair values of the unquoted equity shares are determined based on estimated market price of the investee company. This fair value measurement is categorised in Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15 INVESTMENT IN SUBSIDIARIES

	Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Unquoted equity shares, at cost			
Balance at beginning of financial year	**37,120**	38,509	30,185
Acquisition during financial year	**–**	–	6,459
Incorporation of subsidiaries	**–**	714	365
Increase of share capital by a subsidiary	**26**	100	1,500
Divestment of a subsidiary	**(365)**	(2,203)	–
	36,781	37,120	38,509
Less: Allowance for impairment in value	**(3,095)**	(2,891)	(2,742)
	33,686	34,229	35,767
Movement in allowance for impairment in value are as follows:			
Balance at beginning of financial year	**2,891**	2,742	2,581
Allowance made	**204**	149	161
Balance at end of financial year	**3,095**	2,891	2,742

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

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2019 %	2018 %
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)	Provision of eco-friendly solutions and products and products related to Repair and Redecoration and Addition and Alteration services	**100**	100
ISO-Seal Waterproofing Pte. Ltd.* (Singapore)	Provision of reroofing and waterproofing services	**100**	100
Zara@ISOTeam Pte. Ltd.* (Singapore)	Provision of interior design and space planning services	**51**	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of subsidiary (Country of incorporation)	Principal activities	Group's equity interest held 2019 %	2018 %
Held by the Company (cont'd)			
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
ISOTeam Access Pte. Ltd. * (Singapore)	Leasing of boom lift and related machineries	**100**	100
ISOTeam Projects Pte. Ltd.* (Formerly known as ISOTeam TMG Pte. Ltd.) (Singapore)	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	**65.9**	65.9
SG Bike Pte. Ltd.* (Singapore)	Provision of bike sharing services	**51**	51
ISO-Homecare Pte. Ltd.* (Singapore)	Provision of handyman services	**51**	51
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) Increase of issued and paid-up share capital in a partially-owned subsidiary

During the financial year, the Company increased its investment in Zara@ISOTeam Pte. Ltd., a partially-owned subsidiary of the Company, by subscribing for an additional 25,500 ordinary shares for a total consideration of $25,500 without any change in percentage of equity interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Changes in ownership interest in subsidiaries

During the financial year ended 30 June 2019, the Group disposed 15% equity interest held in ITG Projects Sdn. Bhd. ("ITGP") to a third party for a cash consideration of $100,000. Accordingly, the effective equity interest held on ITGP is diluted from 55% to 40%, and the Group lost control of ITGP. The carrying amount is transferred from investment in subsidiaries to investment in associate, remeasured at fair value.

(iv) 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.

(v) Impairment review of investment in subsidiary

During the financial year, management performed an impairment test for the investment in ISO-Homecare Pte. Ltd. ("IHC") as this subsidiary had been persistently making losses. A full impairment loss of $204,000 (30.6.2018: $Nil) was recognised for the year ended 30 June 2019 to write down the cost of investment in this subsidiary. The recoverable amount of the investment in IHC has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 9.8% (30.6.2018: 9.6%) and 1.7% (30.6.2018: 1.5%) respectively.

16 INVESTMENT IN ASSOCIATE

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Unquoted shares						
- at cost	–	–	–	265	–	–
- at fair value	419	–	–	–	–	–
Share of post-acquisition reserves	19	–	–	–	–	–
Net carrying amount	438	–	–	265	–	–

The details of the associate are as follows:

Name of Company	Principal place of business/Country of incorporation	Principal activity	Ownership interest held 2019 %	Ownership interest held 2018 %
Held by Company				
Unquoted equity shares				
ITG Projects Sdn. Bhd.**	Malaysia	Provision for interior design services	40	–

** Audited by independent overseas member firm of Baker Tilly International

The management does not consider the associate to be material to the Group. Accordingly, the summarised financial information of the associate is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

17 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's construction contract. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities relate to advance consideration received from customers and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contract.

The followings table provides information about contract assets and contract liabilities from contracts with customers.

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Contract assets	**32,151**	15,661	12,437
Contract liabilities	**263**	–	–

The increase in contract assets is due to higher revenue from construction contract and timing of professional's certification and customer's acknowledgement of work completed.

18 ASSET HELD FOR SALE

During the financial year, the Company decided to sell its leasehold property and has started to actively seek for buyer for the property. As the property is expected to be disposed within 12 months from the end of the financial year, its carrying value of $2,330,000 has been reclassified from "leasehold properties" and "renovation" under "property, plant and equipment" (non-current asset) to "asset held for sale" (current asset) in the statement of financial position as at 30 June 2019.

The property was previously occupied by the Group for corporate office. The Group currently does not need to conduct any operations at the property and the property is considered a non-core asset. The Group intends to dispose the property to provide additional working capital for the Group and to reduce the Group's borrowings.

The property is mortgaged to a bank to secure banking facilities of the Group (Note 23).

19 INVENTORIES

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Trading stocks	**1,877**	486	271
Inventories directly written off to profit or loss	**–**	7	36

Inventories included as cost of sales and cost of contracts amounted to $4,249,000 (2018: $471,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

20 TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Trade receivables:						
- third parties	**20,460**	15,195	14,416	**–**	–	–
Less: Allowance for impairment on receivables	**(159)**	(140)	(1,540)	**–**	–	–
	20,301	15,055	12,876	**–**	–	–
- related parties (trade)	**16**	8	11	**–**	–	–
	20,317	15,063	12,887	**–**	–	–
Retention sums on contracts:						
- third parties	**5,756**	4,210	4,128	**–**	–	–
GST receivables	**464**	166	887	**–**	–	–
Sundry deposits	**1,278**	1,040	968	**–**	–	–
Prepayment	**566**	486	535	**6**	6	8
Sundry receivables:						
- third parties	**8,508**	6,548	4,255	**373**	–	–
Less: Allowance for impairment on receivables	**(3,366)**	–	–	**–**	–	–
	5,142	6,548	4,255	**373**	–	–
- subsidiaries	**–**	–	–	**19,893**	12,139	9,448
Tax recoverable	**–**	152	–	**–**	–	–
	33,523	27,665	23,660	**20,272**	12,145	9,456

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

21 CASH AND BANK BALANCES

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Cash in hand and at bank	**3,599**	4,826	9,994	**83**	368	1,303
Fixed deposits	**5,430**	7,374	4,836	**1,009**	3,008	–
	9,029	12,200	14,830	**1,092**	3,376	1,303

Fixed deposits were placed with the reputable financial institutions and matured within 1 to 10 months (30.6.2018: 1 to 10 months; 1.7.2017: 1 to 10 months) from the reporting date. The effective interest rates at year end ranged from 0.05% to 2.61% (30.6.2018: from 0.05% to 2.39%; 1.7.2017: 0.10% to 1.32%) per annum.

Fixed deposits include an amount of $2,800,000 (30.6.2018: $2,750,000; 1.7.2017: $1,239,000) which have been pledged to banks as collateral for bank borrowings (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

22 FINANCE LEASE LIABILITIES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Within 1 financial year	**1,452**	1,284	1,078	**1,283**	1,150	972
Within 2 to 5 financial years	**2,728**	2,549	1,832	**2,488**	2,365	1,700
After 5 financial years	**288**	117	53	**276**	113	52
Total minimum lease payments	**4,468**	3,950	2,963	**4,047**	3,628	2,724
Less: future finance charges	**(421)**	(322)	(239)	**–**	–	–
	4,047	3,628	2,724	**4,047**	3,628	2,724
Representing finance lease liabilities:						
- Current	**1,283**	1,150	972			
- Non-current	**2,764**	2,478	1,752			
	4,047	3,628	2,724			

The finance leases bear effective rates of interest between 2.56% to 7.69% (30.6.2018: 1.80% to 7.64%; 1.7.2017: 2.05% to 7.69%) per annum.

Certain directors of the Company have provided personal guarantees for finance lease liabilities amounting to $945,000 (30.6.2018: $302,000; 1.7.2017: $319,000).

23 BANK BORROWINGS

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Non-current liabilities						
Term loans	**9,927**	12,101	11,701	**–**	–	–
Current liabilities						
Factoring loan	**1**	260	1	**–**	–	–
Trust receipts	**8,906**	3,200	1,889	**–**	–	–
Bank overdrafts	**1,030**	141	269	**–**	–	–
Revolving credit facilities	**13,824**	5,970	3,179	**9,300**	4,400	3,179
Term loans	**2,161**	2,128	1,070	**–**	–	–
	25,922	11,699	6,408	**9,300**	4,400	3,179
Total	**35,849**	23,800	18,109	**9,300**	4,400	3,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 BANK BORROWINGS (CONT'D)

The following are the remaining contractual maturities of borrowings of the Group and the Company:

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Within 1 year	**25,922**	11,699	6,408	**9,300**	4,400	3,179
Within 2 to 5 years	**2,571**	4,352	3,446	**–**	–	–
Over 5 years	**7,356**	7,749	8,255	**–**	–	–
	35,849	23,800	18,109	**9,300**	4,400	3,179

All borrowings are charged at floating rates.

Group

a) Security granted

The bank borrowings are secured by:
(i) charges over fixed deposits (Note 21);
(ii) mortgage over the Group's leasehold properties (Note 10, Note 11 and Note 18);
(iii) first fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited;
(iv) corporate guarantee from the Company;
(v) SGD corporate bond; and
(vi) a corporate guarantee by subsidiaries.

b) Fair value of non-current borrowings

The Group's borrowings are floating rate instruments that are repriced to market interest rates on or near the reporting date. Accordingly, the fair values of these borrowings, determined from discounted cash flow analysis using discount rate ranging between 2.38% to 5.5% (30.6.2018: 1.88% to 5.5%; 1.7.2017: 1.58% to 2.6%) which is the market lending rate that the directors expect would be available to the Group at reporting date, would approximate their carrying amounts at the reporting date.

The fair value is within Level 2 of the fair value hierarchy.

Company

The revolving credit facilities are repayable on demand and covered by corporate guarantee by subsidiaries. The variable interest rate charged at year end ranged from 4.70% - 5.00% (30.6.2018: 4.60% - 4.59%; 1.7.2017: 3.80% to 4.10%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

23 BANK BORROWINGS (CONT'D)

c) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Due to related parties $'000	Bank borrowings (excluding bank overdraft) $'000	Finance lease $'000	Total $'000
Balance at 1 July 2017	–	17,840	2,724	20,564
Changes from financing cash flows:				
- Proceeds	121	7,424	2,162	9,707
- Repayments	–	(1,605)	(1,316)	(2,921)
- Interest paid	–	(366)	(143)	(509)
- Acquisition of business	–	–	58	58
Non-cash changes:				
- Interest expense	–	366	143	509
Balance at 30 June 2018	121	23,659	3,628	27,408
Changes from financing cash flows:				
- Proceeds	188	20,176	1,896	22,260
- Repayments	–	(9,016)	(1,470)	(10,486)
- Interest paid	–	(1,090)	(7)	(1,097)
Non-cash changes:				
- Interest expense	–	1,090	–	1,090
Balance at 30 June 2019	**309**	**34,819**	**4,047**	**39,175**

24 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities are as follows:

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
At 1 July	**1,160**	1,575	869
Acquisition of business	**–**	9	666
Tax (credited)/charged to profit or loss	**(262)**	(424)	40
At 30 June	**898**	1,160	1,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

24 DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Deferred tax liabilities			
Differences in depreciation for tax purposes	**578**	752	875
Fair value adjustment on business combination	**320**	453	788
	898	1,205	1,663
Deferred tax assets			
Unabsorbed capital allowances and unutilised tax losses	**–**	–	(29)
Others	**–**	(45)	(59)
	–	(45)	(88)

25 TRADE AND OTHER PAYABLES

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Current						
Trade payables:						
- third parties	**12,613**	12,450	11,882	**75**	7	20
- related parties	**626**	225	522	**–**	–	–
GST payables	**631**	624	588	**31**	16	17
Retention payables:						
- third parties	**3,219**	2,108	2,553	**–**	–	–
- related parties	**–**	–	397	**–**	–	–
Other payables:						
- third parties	**2,045**	1,729	1,058	**306**	600	600
- subsidiaries (non-trade)	**–**	–	–	**4,332**	4,050	2,800
- related parties (non-trade)	**309**	121	–	**–**	–	–
Accrued operating expenses	**2,553**	2,326	2,691	**481**	90	554
	21,996	19,583	19,691	**5,225**	4,763	3,991
Non-current						
Other payable	**–**	–	600	**–**	–	600

Included in other payables is $289,000 (30.6.2018: $600,000; 1.7.2017: $1,200,000) relating to remaining consideration payable in connection with the acquisition of IME.

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 2019

26 SHARE CAPITAL, TREASURY SHARES AND ACCUMULATED PROFITS

(a) Share capital

	Group and Company					
	30.6.2019		30.6.2018		1.7.2017	
	Number of issued shares	Issued share capital $'000	Number of issued shares	Issued share capital $'000	Number of issued shares $'000	Issued share capital $'000
At 1 July and 30 June	**285,866**	**29,618**	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					
	30.6.2019		30.6.2018		1.7.2017	
	Number of issued shares	Issued share capital $'000	Number of issued shares	Issued share capital $'000	Number of issued shares $'000	Issued share capital $'000
At 1 July	**735**	**256**	1,479	562	1,200	373
Share buyback	**1,507**	**322**	925	322	4,191	1,626
Treasury shares reissued pursuant to the acquisition of a subsidiary	**(1,444)**	**(311)**	(1,669)	(600)	(3,912)	(1,584)
(Loss)/gain on reissuance of treasury shares transferred to other reserves	**–**	**–**	–	(28)	–	147
At 30 June	**798**	**267**	735	256	1,479	562

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

The Company acquired 1,507,000 (30.6.2018: 925,000; 1.7.2017: 4,191,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $322,000 (30.6.2018: $322,000; 1.7.2017: $1,626,000) and this was recorded as a component within shareholders' equity.

During the financial year, 1,444,460 treasury shares were transferred as part consideration for acquisition of a subsidiary in prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

26 SHARE CAPITAL, TREASURY SHARES AND ACCUMULATED PROFITS (CONT'D)

(c) Accumulated profits

	Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
At 1 July	**16,150**	14,597	5,623
Profit and total comprehensive income for the financial year	**2,438**	3,398	11,109
Dividend (Note 30)	**(513)**	(1,845)	(2,135)
At 30 June	**18,075**	16,150	14,597

27 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		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
At 1 July	**22**	7	1
Foreign currency translation	**22**	15	6
At 30 June	**44**	22	7

28 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.

29 CONTINGENT LIABILITIES

As at 30 June 2019, the Company has provided corporate guarantees of $50,007,000 (30.6.2018: $43,554,000; 1.7.2017: $39,004,000) to banks for bank borrowings of $26,555,000 (30.6.2018: $19,559,000; 1.7.2017: $14,930,000) taken by its subsidiaries.

The earliest period that the guarantee could be called is within 1 year (30.6.2018: 1 year; 1.7.2017: 1 year) from the end of the reporting period. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

30 DIVIDEND

	Group and Company 2019 $'000	Group and Company 2018 $'000
Dividend paid:		
Final exempt (one-tier) dividend of 0.18 cents (2018: 0.65 cents) per share paid in respect of FY2018 (2018: FY2017)	**513**	1,845

The directors have proposed a final tax-exempt (one-tier) dividend of 0.42 cents per ordinary share amounting to $1.2 million based on 285,068,122 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 2020.

31 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:

	2019 $'000	2018 $'000
Group		
With related parties		
Income		
Sales	**(13)**	(2)
Expenses		
Purchases	**244**	755
Sub-contractors' cost	**–**	3
Testing fee	**97**	105
Others		
Payment on behalf	**728**	484
Receipts on behalf	**(6)**	(12)
Compensation of key management personnel		
- Salaries and bonus	**2,681**	2,664
- CPF	**142**	169
- Fee	**209**	267
- Other short-term benefits	**276**	282
	3,308	3,382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

31 RELATED PARTIES TRANSACTIONS (CONT'D)

	2019 $'000	2018 $'000
Company		
With subsidiaries		
Receipts on behalf	**(834)**	(554)
Loan	**8,835**	7,937
Repayment of loan	**(3,372)**	(6,217)
Income		
Management fee	**(2,051)**	(1,784)
Dividend	**(1,094)**	(2,556)
Interest income	**(127)**	(113)
Expenses		
Recharge of expense	**1,147**	1,182

32 COMMITMENTS

(a) Lease commitments - where the Group is a lessee

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 operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2019 $'000	2018 $'000
Not later than one year	**530**	536
Between two and five years	**74**	74
	604	610

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

(b) Capital commitments

	Group	
	2019 $'000	2018 $'000
Capital commitments in respect of property, plant and equipment	**1,369**	2,047

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Group			Company		
	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000	30.6.2019 $'000	30.6.2018 $'000	1.7.2017 $'000
Financial assets						
Held-to-maturity financial assets	**–**	1,048	1,462	**–**	–	–
Available-for-sale financial assets	**–**	5,000	5,000	**–**	5,000	5,000
Loans and receivables (including cash and cash equivalents)	**–**	39,061	37,068	**–**	15,515	10,751
Financial assets at fair value through profit or loss	**6,711**	–	–	**6,711**	–	–
Financial assets at amortised costs	**42,554**	–	–	**21,358**	–	–
	49,265	45,109	43,530	**28,069**	20,515	15,751
Financial liabilities						
At amortised cost	**61,226**	45,934	38,908	**14,495**	9,147	6,553

(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 14), fixed deposits (Note 21), finance lease liabilities (Note 22) and bank borrowings (Note 23). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group Finance department.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 120 days to 5 years past due or there is evidence of credit impairment depending on the nature of project, debtor and historical experience	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:
- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 4 debtors (2018: 7 debtors) represented approximately 62% (2018: 61%) of the trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of $26,555,000 (2018: $19,559,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings.

The credit risk for trade receivables based on the information provided to key management is as follows:

		Group	
	30.6.2019	**30.6.2018**	**1.7.2017**
	$'000	**$'000**	**$'000**
By types of customers			
Related parties	**16**	8	11
Third parties:			
- Government	**4,239**	4,125	6,948
- Other companies	**15,698**	10,549	6,863
- Individuals	**523**	521	605
	20,476	15,203	14,427

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

Movements in credit loss allowance are as follows:

	Trade receivables $'000	Other receivables $'000	Total $'000
Group			
Balance at 1 July 2018	140	–	140
Loss allowance measured:			
Lifetime ECL			
- simplified approach	19	–	19
- significant increase in credit risk	–	3,366	3,366
Balance at 30 June 2019	**159**	**3,366**	**3,525**

The credit loss for contract assets and cash and cash equivalents are immaterial as at 30 June 2019.

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group has assessed the potential exposure on the trade receivables and provided the necessary expected credit loss allowance against its trade receivables depending on the nature of project, debtor and historical experience.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets (other than trade receivables and contract assets):

Group

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Unquoted bonds at amortised costs	12-month ECL	1,032	–	1,032
Other receivables	Lifetime ECL	15,542	3,366	12,176
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	9,029	–	9,029

Company

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Other receivables	Lifetime ECL	20,266	–	20,266
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	1,092	–	1,092

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Previous accounting policy for impairment of financial assets

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 2019

33 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	
	30.6.2018 $'000	1.7.2017 $'000
Not past due and not impaired	**13,185**	12,202
Past due but not impaired	**6,088**	4,813
Past due and impaired	**140**	1,540
	19,413	18,555

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

	Group	
	30.6.2018 $'000	1.7.2017 $'000
Past due < 60 days	**2,525**	2,589
Past due 61 to 120 days	**251**	719
Past due over 121 days	**3,312**	1,505
	6,088	4,813

Full allowance for doubtful receivables was made for impaired receivables of $140,000.

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 2019

33 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 2019				
Trade and other payables	21,331	–	–	21,331
Finance lease liabilities	1,452	2,728	288	4,468
Bank borrowings	26,482	3,517	8,769	38,768
	49,265	**6,245**	**9,057**	**64,567**
At 30 June 2018				
Trade and other payables	18,506	–	–	18,506
Finance lease liabilities	1,284	2,549	117	3,950
Bank borrowings	10,562	4,939	8,937	24,438
	30,352	7,488	9,054	46,894
At 1 July 2017				
Trade and other payables	18,075	–	–	18,075
Finance lease liabilities	1,078	1,832	53	2,963
Bank borrowings	6,694	4,267	9,602	20,563
	25,847	6,099	9,655	41,601
Company				
At 30 June 2019				
Trade and other payables	5,195	–	–	5,195
Bank borrowings	9,354	–	–	9,354
Financial guarantee contracts	26,555	–	–	26,555
	41,104	**–**	**–**	**41,104**
At 30 June 2018				
Trade and other payables	4,747	–	–	4,747
Bank borrowings	4,419	–	–	4,419
Financial guarantee contracts	19,559	–	–	19,559
	28,725	–	–	28,725
At 1 July 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial assets and financial liabilities

Fair value hierarchy

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

a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value

The financial assets at fair value through profit or loss is classified as Level 2.

The fair values of the unquoted equity shares are determined based on estimated market price of the investee company.

Assets not carried at fair value but fair values are disclosed

Level 2 fair value measurements

The other financial assets at amortised costs and bank borrowings (non-current) are classified as Level 2.

The fair value of the other financial assets at amortised costs are determined using quoted market prices in less active markets.

The fair value of the bank borrowings (non-current) are determined using the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date.

Level 3 fair value measurements

The investment property are classified as Level 3.

The fair value of the investment property is determined by an external and independent valuer based on the direct comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33 FINANCIAL INSTRUMENTS (CONT'D)

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

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 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 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.

34 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 2018.

The Group are in compliance with all externally imposed capital requirements for financial years ended 30 June 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35 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:

2019	R&R $'000	A&A $'000	C&P $'000	Others $'000	Total $'000
Segment revenue	27,258	67,674	14,350	27,319	**136,601**
Segment profits	1,623	6,504	1,224	3,616	**12,967**
Depreciation and amortisation					**(4,637)**
Other non-cash expense					**(41)**
Interest income					**111**
Finance costs					**(1,164)**
Share of results of associate					**19**
Profit before tax					**7,255**
Segment assets	16,076	25,776	6,912	23,956	**72,720**
Unallocated assets					**50,262**
Total assets					**122,982**
Segment liabilities	1,834	8,547	68	10,979	**21,428**
Unallocated liabilities					**42,000**
Total liabilities					**63,428**
Other segments items					
Capital expenditure-property, plant and equipment					**3,288**
Depreciation of property, plant and equipment					**3,771**
Depreciation of investment property					**18**
Amortisation of intangible assets					**848**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35 SEGMENT INFORMATION (CONT'D)

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

2018	R&R $'000	A&A $'000	C&P $'000	Others $'000	Total $'000
Segment revenue	19,765	36,236	9,895	17,905	83,801
Segment profits	738	3,589	933	(421)	4,839
Depreciation and amortisation					(5,132)
Other non-cash expense					(38)
Interest income					105
Finance costs					(570)
Loss before tax					(796)
Segment assets	8,815	20,143	4,554	18,893	52,405
Unallocated assets					49,474
Total assets					101,879
Segment liabilities	1,229	6,722	247	10,439	18,637
Unallocated liabilities					29,674
Total liabilities					48,311
Other segments items					
Capital expenditure-property, plant and equipment					7,848
Depreciation of property, plant and equipment					3,109
Amortisation of intangible assets					2,023

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.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment, goodwill, intangible assets, other investments, other receivables and cash and bank balances for companies which are operating in more than one segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

35 SEGMENT INFORMATION (CONT'D)

Segment liabilities

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

Information about major customers

Revenue from 1 (2018: 1) 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 2019 $'000	Group 2018 $'000
Customer 1	A&A and Others	**38,671**	17,428

Geographical information

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

36 COMPARATIVE FIGURES

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

As a result, certain line items have been amended on the statement of comprehensive income for the previous financial year ended 30 June 2018. The items were reclassified as follows:

	Per FRS framework Group		
	As previously reported $'000	Amount reclassified $'000	As reclassified $'000
Cost of sales	68,914	866	69,780
Marketing and distribution expenses	1,813	(88)	1,725
General and administrative expenses	13,664	(778)	12,886

37 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors dated 4 October 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 20 SEPTEMBER 2019

SHARE CAPITAL

Issued and fully paid capital	–	$29,801,091	Class of shares	–	Ordinary shares
Total number of shares in issue (excluding treasury shares)	–	285,068,122	Voting rights	–	1 vote per share
Number of treasury shares	–	798,468			

The Company does not have any subsidiary holdings.

0.28% of the total number of 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 33.15% of the total number of issued ordinary shares are held in the hands of the public as at 20 September 2019 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 SEPTEMBER 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	40	3.94	23,300	0.01
1,001 – 10,000	304	29.95	2,192,200	0.77
10,001 – 1,000,000	648	63.84	46,551,912	16.33
1,000,001 and above	23	2.27	236,300,710	82.89
Total	**1,015**	**100.00**	**285,068,122**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 20 SEPTEMBER 2019

S/N	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	ADD INVESTMENT HOLDING PTE LTD	79,954,406	28.05
2	CITIBANK NOMINEES SINGAPORE PTE LTD	60,764,828	21.32
3	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	15,896,556	5.58
4	PHILLIP SECURITIES PTE LTD	10,321,866	3.62
5	CGS–CIMB SECURITIES (SINGAPORE) PTE LTD	8,469,704	2.97
6	KOH THONG HUAT	7,682,000	2.69
7	NG CHENG LIAN	7,682,000	2.69
8	LIM CHIEW HOE	5,079,366	1.78
9	CHUA HONG HUAY	4,763,600	1.67
10	UOB KAY HIAN PTE LTD	4,650,300	1.63
11	DBS NOMINEES PTE LTD	4,166,200	1.46
12	LIM KIM HOCK	3,812,000	1.34
13	OR THIAM HUAT	3,812,000	1.34
14	WONG CHUN WENG	2,787,084	0.98
15	CLARISSA CHOH SOK PHENG (CLARISSA ZOU SHUPING)	2,737,200	0.96
16	OCBC SECURITIES PRIVATE LTD	2,665,900	0.94
17	RAFFLES NOMINEES (PTE) LIMITED	2,368,700	0.83
18	LIM JIT CHANG (LIN RICHANG)	1,848,000	0.65
19	TAN YONG KIANG	1,634,000	0.57
20	CHEONG ZHEN WEN (ZHANG ZHENWEN)	1,464,000	0.51
	TOTAL:	**232,559,710**	**81.58**

Note:

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 20 September 2019 of 285,068,122 shares (excluding 798,468 treasury shares).

STATISTICS OF SHAREHOLDINGS

AS AT 20 SEPTEMBER 2019

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	% [(1)]	DEEMED INTEREST NO. OF SHARES	% [(1)]
ADD Investment Holding Pte. Ltd.[(2)]	79,954,406	28.05	40,000,000	14.03
Ng Cheng Lian[(3)]	7,682,000	2.69	119,954,406	42.08
Koh Thong Huat[(3)]	7,682,000	2.69	119,954,406	42.08
Foo Joon Lye[(3), (4)]	–	–	127,636,406	44.77
Nippon Paint (Singapore) Company Private Limited[(5)]	15,896,556	5.58	–	–
Nippon Paint Holdings Co., Ltd[(5)]	–	–	15,896,556	5.58
Nipsea International Limited[(5)]	–	–	15,896,556	5.58
Nipsea Holdings International Limited[(5)]	–	–	15,896,556	5.58
Wuthelam Holdings Limited[(5)]	–	–	15,896,556	5.58
Thurloe Ltd[(5)]	–	–	15,896,556	5.58
Rainbow Light Ltd[(5)]	–	–	15,896,556	5.58
Epimetheus Ltd[(5)]	–	–	15,896,556	5.58

Notes:

(1) Based on the issued share capital of the Company of 285,068,122 shares (excluding treasury shares and subsidiary holdings) as at 20 September 2019.

(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, Chapter 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ISOTEAM LTD. (the "**Company**") will be held at Opal and Amber Room, Level 2, Sheraton Towers, 39 Scotts Road, Singapore 228230 on Wednesday, 30 October 2019 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a final (tax exempt one-tier) dividend of 0.42 cent per ordinary share for the financial year ended 30 June 2019. **(Resolution 2)**

3. To approve the payment of Directors' fees of $147,735 for the financial year ending 30 June 2020, to be paid quarterly in arrears (FY2019: $140,700). **(Resolution 3)**

4. To re-elect Mr Foo Joon Lye, a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Ms Ng Kheng Choo, a Director retiring pursuant to Regulation 107 of the Company's Constitution. **(Resolution 5)**

   (see explanatory note 1)

6. To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be authorised and empowered to: **(Resolution 7)**

   (a) (i) allot and issue shares in the capital of 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 at 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

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does 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 manner of 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 this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; 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), the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the 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)

8. 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

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

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

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

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

and otherwise in accordance with all other provisions of the Companies Act and the Catalist Rules as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) 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;

(c) unless varied or revoked by the Company at 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 passing of this Resolution and expiring on the earliest of:

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

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

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(d) for purposes of this Resolution:

"Prescribed Limit" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has, at any time during the Relevant Period (as hereinafter defined), effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings);

"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 earlier, after the date of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

"Maximum Price" in relation to a Share to be purchased, means the purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) not exceeding:

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

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price, where:

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

"day of making of the offer" means the day on which the Company makes 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

"market day" means a day on which the SGX-ST is open for trading in securities, and

(e) any of the Directors be authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

(see explanatory note 4)

10. 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

15 October 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Ms Ng Kheng Choo will, upon re-election as a Director, remain as the Chairperson of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company. She is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

2. Ordinary Resolution 7 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 at 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. Ordinary Resolution 8 proposed in item 8 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 at 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. Ordinary Resolution 9 proposed in item 9 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 at a general meeting, whichever is earliest, to make purchases (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 Buyback Mandate are set out in greater detail in the Addendum accompanying this notice.

Notes:

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, 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 instrument of proxy.

"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) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829 not less than 48 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(iv) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer 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 appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

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 the member's name and its 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 of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and its 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. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he proposes/ seconds) may be recorded by the Company for such purpose.

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.

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, #01-05 Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

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ISOTEAM LTD.

(Company Registration Number 201230294M)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and vote 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 instrument of proxy is not valid for use by the SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________ (Name) (NRIC/Passport/Registration Number ______________)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			Number of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			Number of Shares	%

or failing him, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at Opal and Amber Room, Level 2, Sheraton Towers, 39 Scotts Road, Singapore 228230 on Wednesday, 30 October 2019 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	For**	Against**
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Independent Auditor's Report thereon		
2.	To declare a final dividend of 0.42 cent per ordinary share for the financial year ended 30 June 2019		
3.	To approve the payment of Directors' fees of $147,735 for the financial year ending 30 June 2020, to be paid quarterly in arrears		
4.	To re-elect Mr Foo Joon Lye as a Director of the Company		
5.	To re-elect Ms Ng Kheng Choo as a Director of the Company		
6.	To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix its 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		

* Delete accordingly
** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.

Dated this ____________ day of ____________ 2019

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

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, 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 this instrument of proxy.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

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

4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 8 Changi North Street 1, ISOTeam Building, Singapore 498829 not less than 48 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.

7. 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.

8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 this 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 15 October 2019.

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

REGISTERED OFFICE

8 Changi North Street 1
ISOTeam Building
Singapore 498829
T: 65 6747 0220
F: 65 6747 0110

SPONSOR

Hong Leong Finance Limited
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:
Ong Kian Guan, CA Singapore
(Appointed since reporting year ended 30 June 2018)

INVESTOR RELATIONS

ISOTeam Ltd.
E: ir@iso-team.com

August Consulting
101 Thomson Road
#30-02 United Square
Singapore 307591
T: 65 6733 8873
E: isoteam@august.com.sg

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ISOTEAM LTD. ANNUAL REPORT 2019

A NEW PHASE OF **GROWTH**