



ISOTEAM LTD.

(Company Registration No. 201230294M)

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

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

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Background

The Company was incorporated in Singapore on 12 December 2012 under the Companies Act (Chapter 50) as a private company limited by shares under the name of ISOTeam Pte. Ltd.. On 12 June 2013, the Company was converted into a public company limited by shares and its name was changed to "ISOTeam Ltd.". The Company and its subsidiaries (the "Group"), were formed pursuant to a restructuring exercise which was conducted to streamline and rationalise the Group structure and business activities (the "Restructuring Exercise") prior to the Company's initial public offering ("IPO") and listing on Catalist of the SGX-ST. Please refer to the Company's offer document dated 5 July 2013 ("Offer Document") for further details on the Restructuring Exercise.

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

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

1(a)(i) Consolidated Statement of Comprehensive Income

| | Note | Group | | Change % |
|---|------|-----------------------------------|---------------------------------|-------------|
| | | Year Ended | | |
| | | 30.06.14 (Unaudited) \$'000 | 30.06.13 (Audited) \$'000 | |
| Revenue | | 69,852 | 48,247 | 44.8 |
| Cost of sales | | (56,353) | (40,053) | 40.7 |
| Gross profit | | 13,499 | 8,194 | 64.7 |
| Other income | (a) | 583 | 4,729 | (87.7) |
| Marketing and distribution expenses | | (706) | (675) | 4.6 |
| General and administrative expenses | | (6,312) | (5,457) | 15.7 |
| Finance costs | | (354) | (342) | 3.5 |
| Profit before tax | (b) | 6,710 | 6,449 | 4.0 |
| Tax expense | | (640) | (440) | 45.5 |
| Profit and total comprehensive income for the year | | 6,070 | 6,009 | |
| Profit and total comprehensive income attributable to: | | | | |
| Owners of the Company | | 6,056 | 6,009 | 0.8 |
| Non-controlling interest | | 14 | - | N/M |
| | | 6,070 | 6,009 | 1.0 |

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

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

| | <u>Group</u> | | Change % |
|---|-----------------------------------|---------------------------------|-------------|
| | Year Ended | | |
| | 30.06.14 (Unaudited) \$'000 | 30.06.13 (Audited) \$'000 | |
| (a) <u>Other income</u> | | | |
| Accounting income from related parties | - | 20 | (100.0) |
| Government grants | 35 | 18 | 94.4 |
| Gain on disposal of property, plant and equipment | 21 | 4,178 | (99.5) |
| Interest income | 10 | 13 | (23.1) |
| Rental income | 188 | 175 | 7.4 |
| Others | 329 | 325 | 1.2 |
| | <u>583</u> | <u>4,729</u> | |
| (b) <u>Profit before tax</u> | | | |
| This is arrived at after charging: | | | |
| Audit fees payable/paid to auditor of the Company | 138 | 130 | 6.2 |
| Depreciation of property, plant and equipment | 474 | 405 | 17.0 |
| Gain on disposal of property, plant and equipment | (21) | (4,178) | (99.5) |
| Loss on disposal of property, plant and equipment | 4 | - | N/M |
| Property, plant and equipment written off | - | 51 | (100.0) |
| Bad debt recovered | (3) | - | N/M |
| Allowance for doubtful receivables | 7 | 53 | (86.8) |
| Bad debts written off | 55 | - | N/M |
| Listing expenses | - | 1,050 | (100.0) |

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

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

1(b)(i) Statements of Financial Position

| | Group | | Company | |
|--|--|--|--|--|
| | As at 30.06.14 (Unaudited) \$'000 | As at 30.06.13 (Audited) \$'000 | As at 30.06.14 (Unaudited) \$'000 | As at 30.06.13 (Audited) \$'000 |
| Assets | | | | |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | 5,111 | 4,441 | - | - |
| Investment in subsidiaries | - | - | 13,750 | 13,399 |
| Investment securities | 400 | 400 | - | - |
| | <u>5,511</u> | <u>4,841</u> | <u>13,750</u> | <u>13,399</u> |
| <u>Current assets</u> | | | | |
| Due from customers for contract work-in-progress | 3,122 | 2,966 | - | - |
| Inventories | 135 | - | - | - |
| Trade and other receivables | 23,032 | 16,572 | 515 | 575 |
| Dividend receivables from subsidiaries | - | - | - | 2,400 |
| Cash and bank balances | 17,560 | 8,463 | 7,004 | - |
| Total current assets | <u>43,849</u> | <u>28,001</u> | <u>7,519</u> | <u>2,975</u> |
| Total assets | <u>49,360</u> | <u>32,842</u> | <u>21,269</u> | <u>16,374</u> |
| <u>Non-current liabilities</u> | | | | |
| Finance lease liabilities | 401 | 559 | - | - |
| Deferred tax liabilities | 89 | 59 | - | - |
| Total non-current liabilities | <u>490</u> | <u>618</u> | <u>-</u> | <u>-</u> |
| <u>Current liabilities</u> | | | | |
| Due to customers for contract work-in-progress | 6,505 | 2,255 | - | - |
| Bank borrowings | 4,168 | 4,187 | - | - |
| Trade and other payables | 11,154 | 9,630 | 3,375 | 5,418 |
| Finance lease liabilities | 262 | 444 | - | - |
| Tax payables | 994 | 1,080 | - | - |
| Total current liabilities | <u>23,083</u> | <u>17,596</u> | <u>3,375</u> | <u>5,418</u> |
| Total liabilities | <u>23,573</u> | <u>18,214</u> | <u>3,375</u> | <u>5,418</u> |
| Net assets | <u>25,787</u> | <u>14,628</u> | <u>17,894</u> | <u>10,956</u> |
| Share capital and reserves | | | | |
| Share capital | 15,867 | 9,651 | 15,867 | 9,651 |
| Accumulated profits | 17,195 | 12,315 | 2,027 | 1,305 |
| Merger reserve | (7,338) | (7,338) | - | - |
| Equity attributable to owners of the Company | <u>25,724</u> | <u>14,628</u> | <u>17,894</u> | <u>10,956</u> |
| Non-controlling interest | 63 | - | - | - |
| Total equity | <u>25,787</u> | <u>14,628</u> | <u>17,894</u> | <u>10,956</u> |

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

| | Group | | | |
|--|---------------------------|------------------|---------------------------|------------------|
| | As at 30 June 2014 | | As at 30 June 2013 | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| | Secured | Unsecured | Secured | Unsecured |
| Amount repayable in one year or less, or on demand | 4,430 | - | 4,631 | - |
| Amount repayable after one year | 401 | - | 559 | - |
| | <u>4,831</u> | <u>-</u> | <u>5,190</u> | <u>-</u> |

Details of any collaterals

- (a) Bank borrowings amounting to \$1.5 million is secured by pledged fixed deposits and corporate guarantee from the Company.
- (b) Bank borrowings amounting to \$2.7 million is secured by a legal mortgage over the leasehold property of a subsidiary, pledged fixed deposits and corporate guarantees from the Company.
- (c) Finance lease obligations of the Group are secured by the rights to the leased equipment, machineries and motor vehicles. The Company's directors have provided personal guarantees for certain of the finance lease liabilities.

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

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

| | Group | |
|---|-----------------------------------|---------------------------------|
| | Year Ended | |
| Note | 30.06.14 (Unaudited) \$'000 | 30.06.13 (Audited) \$'000 |
| Cash flows from operating activities | | |
| Profit before income tax | 6,710 | 6,449 |
| Adjustment for:- | | |
| Depreciation of property, plant and equipment | 474 | 405 |
| Gain on disposal of property, plant and equipment | (21) | (4,178) |
| Loss on disposal of property, plant and equipment | 4 | - |
| Property, plant and equipment written off | - | 51 |
| Allowance for doubtful receivables | 7 | 53 |
| Bad debts written off | 55 | - |
| Listing expenses | - | 1,050 |
| Interest income | (10) | (13) |
| Interest expense | 331 | 325 |
| Operating cash flows before working capital changes | 7,550 | 4,142 |
| Project work-in-progress | 4,094 | 1,099 |
| Inventories | (135) | - |
| Trade and other receivables | (6,516) | (5,122) |
| Trade and other payables | 2,777 | 545 |
| Cash generated from operations | 7,770 | 664 |
| Interest received | 4 | 13 |
| Interest paid | (331) | (325) |
| Tax paid | (696) | (563) |
| Net cash generated from / (used in) operating activities | 6,747 | (211) |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (1,081) | (221) |
| Proceeds from disposal of property, plant and equipment | 45 | 6,131 |
| Purchase of investment securities | - | (400) |
| Net cash (used in) / generated from investing activities | (1,036) | 5,510 |
| Cash flows from financing activities | | |
| Proceeds from issuance of ordinary shares | 6,216 | - |
| Dividend paid | (1,176) | (1,000) |
| Capital contributed by non-controlling interest | 49 | - |
| Listing expenses | - | (744) |
| (Repayment to) / advance from related parties (non-trade) | (1,253) | 79 |
| Repayment to directors | - | (574) |
| Fixed deposits pledged to banks | (345) | (210) |
| Drawdown of bank borrowings | - | 1,811 |
| Repayment of bank borrowings | (19) | (1,390) |
| Repayment of finance lease | (431) | (492) |
| Net cash generated from / (used in) financing activities | 3,041 | (2,520) |
| Net increase in cash or cash equivalents | 8,752 | 2,779 |
| Cash and cash equivalents at beginning of financial year | 6,907 | 4,128 |
| Cash and cash equivalents at end of financial year | 15,659 | 6,907 |

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

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

| | Group | |
|------------------------------|----------------------|---------------------|
| | Year Ended | |
| | 30.06.14 | 30.06.13 |
| | (Unaudited) | (Audited) |
| | \$'000 | \$'000 |
| Cash in hand and at bank | 15,500 | 6,825 |
| Fixed deposits | 2,060 | 1,638 |
| | <u>17,560</u> | <u>8,463</u> |
| Less: Fixed deposits pledged | (1,901) | (1,556) |
| | <u>15,659</u> | <u>6,907</u> |

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

| Group | Attributable to equity holders of the Group | | | | |
|--|---|-------------------------------|--------------------------|------------------------------------|------------------------|
| | Share capital \$'000 | Accumulated profits \$'000 | Merger reserve \$'000 | Non-controlling Interest \$'000 | Total equity \$'000 |
| Balance at 1 July 2012 | 4,813 | 7,306 | - | - | 12,119 |
| Profit and total comprehensive income for the year | - | 6,009 | - | - | 6,009 |
| Adjustment resulting from restructuring exercise | - | - | (7,338) | - | (7,338) |
| Issuance of ordinary share due to restructuring exercise | 4,838 | - | - | - | 4,838 |
| Dividend | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2013 | 9,651 | 12,315 | (7,338) | - | 14,628 |
| Balance at 1 July 2013 | 9,651 | 12,315 | (7,338) | - | 14,628 |
| Profit and total comprehensive income for the year | - | 6,056 | - | 14 | 6,070 |
| Capital contribution by non-controlling interest | - | - | - | 49 | 49 |
| Issuance of ordinary share pursuant to the IPO | 6,761 | - | - | - | 6,761 |
| Share issuance expenses | (545) | - | - | - | (545) |
| Dividend | - | (1,176) | - | - | (1,176) |
| Balance at 30 June 2014 | 15,867 | 17,195 | (7,338) | 63 | 25,787 |

| Company | Attributable to equity holders of the Company | | | | |
|--|---|-------------------------------|--------------------------|------------------------------------|------------------------|
| | Share capital \$'000 | Accumulated profits \$'000 | Merger reserve \$'000 | Non-controlling Interest \$'000 | Total equity \$'000 |
| Balance at 1 July 2012 | N/A | N/A | N/A | N/A | N/A |
| Profit and total comprehensive income for the year | - | 2,305 | - | - | 2,305 |
| Issuance of ordinary share due to restructuring exercise | 9,651 | - | - | - | 9,651 |
| Dividend | - | (1,000) | - | - | (1,000) |
| Balance at 30 June 2013 | 9,651 | 1,305 | - | - | 10,956 |
| Balance at 1 July 2013 | 9,651 | 1,305 | - | - | 10,956 |
| Profit and total comprehensive income for the year | - | 1,898 | - | - | 1,898 |
| Issuance of ordinary share pursuant to IPO | 6,761 | - | - | - | 6,761 |
| Share issuance expenses | (545) | - | - | - | (545) |
| Dividend | - | (1,176) | - | - | (1,176) |
| Balance at 30 June 2014 | 15,867 | 2,027 | - | - | 17,894 |

"N/A" denotes Not Applicable as the Company was only incorporated on 12 December 2012.

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

| | Number of shares | Share Capital \$ |
|--|--------------------|-------------------|
| As at 30 June 2013 | | |
| Issuance of shares pursuant to the IPO: 11 July 2013 | 86,865,831 | 9,651,759 |
| Share issuance expenses | 30,730,000 | 6,760,600 |
| | - | (545,421) |
| As at 30 June 2014 | 117,595,831 | 15,866,938 |

As at 30 June 2013 and 30 June 2014, the Company had no outstanding convertibles or treasury shares.

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

| | Company | |
|---|---------------------------|---------------------------|
| | As at 30.06.14 | As at 30.06.13 |
| Number of ordinary shares issued and fully paid (excluding treasury shares) | <u>117,595,831</u> | <u>86,865,831</u> |

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

There were no treasury shares as at 30 June 2014.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial information for the current financial period as those used in the audited financial statements for the financial year ended 30 June 2013, except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial period commencing 1 July 2013. The adoption of these FRS has no material impact on the Group's financial statements.

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

Please refer to paragraph 4 above.

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

| Earnings per share ("EPS") | Group | |
|--|------------------------|-------------|
| | Year Ended 30.06.14 | 30.06.13 |
| Profit attributable to equity holders of the Company (\$'000) | 6,056 | 6,009 |
| Weighted/Actual number of ordinary shares | 116,669,721 | 86,865,831 |
| Basic and diluted EPS based on weighted/actual number of ordinary shares (cents) ⁽¹⁾ | 5.19 | 6.92 |
| Post-invitation number of ordinary shares | 117,595,831 | 117,595,831 |
| Basic and diluted EPS based on post-invitation number of ordinary shares (cents) ⁽¹⁾ | 5.15 | 5.11 |

Note:

- (1) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial years.
- (2) For comparison and illustrative purposes, the calculation for the basic EPS for the respective financial years is based on the post-IPO share capital of 117,595,831 shares in issue.

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

| Net assets value ("NAV") | Group | | Company | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | As at 30.06.14 | As at 30.06.13 | As at 30.06.14 | As at 30.06.13 |
| NAV (\$'000) | 25,724 | 14,628 | 17,894 | 10,956 |
| Number of ordinary shares | 117,595,831 | 86,865,831 | 117,595,831 | 86,865,831 |
| NAV per ordinary share (cents) | 21.87 | 16.84 | 15.22 | 12.61 |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Financial Performance

| Revenue | Group | | | | Change % |
|-----------------------|---------------|--------------|---------------|--------------|-------------|
| | Year Ended | | | | |
| | 30.06.14 | | 30.06.13 | | |
| | \$'000 | % | \$'000 | % | |
| R&R | 48,328 | 69.2 | 26,381 | 54.7 | 83.2 |
| A&A | 20,382 | 29.2 | 21,770 | 45.1 | (6.4) |
| Others ⁽¹⁾ | 1,142 | 1.6 | 96 | 0.2 | N/M |
| | 69,852 | 100.0 | 48,247 | 100.0 | 44.8 |

Note:

(1) Others included revenue from home retrofitting business and green solutions business.

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

Revenue

The Group's revenue increased by \$21.6 million or 44.8% from \$48.2 million for FY2013 to \$69.9 million for FY2014 largely due to a substantial increase in the Group's Repairs and Redecoration ("R&R") business segment. Revenue from the Group's R&R business rose by \$21.9 million or 83.2% from \$26.4 million for FY2013 to \$48.3 million for FY2014. This was derived largely from projects awarded by SKK (S) Pte Ltd, Moulmein-Kallang Town Council, Tanjong Pagar Town Council and Pasir Ris-Punggol Town Council. Revenue contribution from the Group's Addition and Alteration ("A&A") business segment decreased by \$1.4 million or 6.4% from \$21.8 million for FY2013 to \$20.4 million for FY2014. This was derived largely from Neighbourhood Renewal Programme ("NRP") projects for Nee Soon Town Council, Tampines Town Council and Marine Parade Town Council. The Group completed and delivered 20 R&R projects and 2 A&A projects in FY2014. Revenue contribution from the Group's Others business segment rose from \$0.1 million in FY2013 to \$1.1 million in FY2014. The increase was mainly attributable to the home retrofitting business which had gained increasing traction with the Group successfully securing over 20 projects within the first nine months of incorporation of Zara @ ISOTeam Pte Ltd.

Gross profit and gross profit margin

The Group's gross profit increased by \$5.2 million or 64.7% from \$8.2 million in FY2013 to \$13.4 million in FY2014 mainly due to higher revenue contributed by R&R works. Overall gross profit margin increased from 17.0% to 19.3%.

Other income

The Group's other income decreased by \$4.1 million or 87.7% from \$4.7 million in FY2013 to \$0.6 million in FY2014. The decrease was mainly due to a one-off capital gain of \$4.2 million on the disposal of property in FY2013. Other income comprised mainly rental income of equipment and administrative fee for FY2014.

Marketing and distribution expenses

Marketing and distribution expenses increased by \$31,000 or 4.6% from \$675,000 in FY2013 to \$706,000 in FY2014. The increase was mainly due to increase in depreciation of motor vehicles.

General and administrative expenses

General and administrative expenses increased by \$0.8 million or 15.7% from \$5.5 million in FY2013 to \$6.3 million in FY2014. The increase was mainly attributable to (i) adjustment made to the directors' remuneration and fees of approximately \$1.1 million in accordance to the service agreements as disclosed in the IPO offer document; (ii) increase in staff costs of \$0.4 million mainly due to expansion of the business; (iii) increase in legal and professional expenses of \$0.2 million; and (iv) increase in premises expenses of \$0.1 million mainly due to higher office rental and these were partially offset against one time listing expenses of approximately \$1.0 million incurred in the last financial year.

Finance costs

The increase in finance costs arose from increase in interest on the factoring and letter of credit, which increased by \$12,000 or 3.5% from \$342,000 in FY2013 to \$354,000 in FY2014.

Profit before tax

As a result of the above, the Group's profit before tax increased by \$0.3 million or 4.0% from \$6.4 million in FY2013 to \$6.7 million in FY2014.

Review of Financial Position

Non-current assets

The Group's non-current assets increased by \$0.7 million or 13.8% from \$4.8 million as at 30 June 2013 to \$5.5 million as at 30 June 2014, mainly due to acquisition of new assets of \$1.2 million which was offset by the depreciation of fixed assets of \$0.5 million during FY2014.

Current assets

The increase in current assets of \$15.8 million from \$28.0 million as at 30 June 2013 to \$43.8 million as at 30 June 2014 was attributed mainly to the increase in cash and bank balances of \$9.1 million partly due to cash generated from operating activities and IPO proceeds, the increase in trade and other receivables of \$6.5 million which was in line with the increase in revenue, the increase in amounts due from customers for contract work-in-progress of \$0.2 million and increase in inventories of \$0.1 million.

Non-current liabilities

The decrease in non-current liabilities of \$0.1 million from \$0.6 million as at 30 June 2013 to \$0.5 million as at 30 June 2014 was attributed to the lower finance lease liabilities resulted from the repayments made during FY2014 which was partially offset by increase in deferred tax liabilities.

Current liabilities

The increase in current liabilities of \$5.5 million from \$17.6 million as at 30 June 2013 to \$23.1 million as at 30 June 2014 was attributed mainly to the increase in amounts due to customers for contract work-in-progress of \$4.3 million and increase in trade and other payables of \$1.5 million which was offset by the repayment of bank borrowings and finance lease of \$0.2 million and decrease in tax payable of \$0.1 million.

Review of Statement of Cash Flows

Net cash generated from operating activities

The Group generated a net cash of \$7.5 million from operating activities before changes in working capital. Net working capital inflow amounted to \$0.2 million. This was mainly due to an increase in project work-in-progress of \$4.1 million and trade and other payables of \$2.7 million which was offset by a decrease in trade and other receivables of \$6.5 million and inventories of \$0.1 million. After payment of income tax of \$0.7 million and interest of \$0.3 million, the net cash generated from operating activities amounted to approximately \$6.7 million.

Net cash used in investing activities

Net cash used in investing activities amounted to \$1.0 million, which was mainly attributable to the purchase of plant and equipment.

Net cash generated from financing activities

Net cash generated from financing activities of \$3.0 million was mainly due to net proceeds from issuance of ordinary shares of \$6.2 million which were partially offset by dividend payment of \$1.2 million, repayment to related parties, bank borrowings and finance lease of \$1.7 million and additional fixed deposit pledged to bank of \$0.3 million.

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

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

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

The Group views that revenue will continue to be driven by awarded project which will in turn be dependent on there being no delay or cancellation in the commencement or continuation of awarded projects. In addition, the Group expects to benefit from the general increase in public sector upgrading, retrofitting and maintenance of buildings and facilities activities in Singapore and will continue to bid for these projects as well as projects in the private sector. Looking ahead, the Group continues to see healthy demand for its R&R and A&A services in view of on-going initiatives by the Singapore government to renew and rejuvenate middle-aged and mature estates. The Group intends to extend its services into other untapped sectors, including public sector projects such as education institutions and army camps, and non-public sector projects such as Management Corporation Strata Title, industrial and commercial projects.

The Group's order book as at 30 June 2014 stood at \$73.2 million (including \$25.7 million worth of new R&R and A&A projects secured by the Group during second half of FY2014) which will be progressively delivered over the next two years. In addition to the order book, the Group is currently the lowest tenderer for six projects pending tender award confirmation, namely R&R at blocks 68 to 93, 161 to 166 Redhill Close/Road/Lane, Henderson Road and Bukit Merah Central, R&R to food centres at Amoy/Dunman/ Sembawang Hill, NRP, electrical load upgrading and R&R works at blocks 266 to 287 Bukit Batok, NRP at blocks 241 to 259 Kim Keat Avenue/Link and A&A works at Teck Whye Primary and West View Primary School, worth \$39.8 million.

Notwithstanding the aforesaid demand factors, the Group expects to face rising cost pressures in the next 12 months including higher sub-contracting and labour costs due to progressive increases in foreign workers' levies, and general inflationary pressures. The prices of paint are also expected to increase in line with the buoyant demand for refurbishment and repainting projects in Singapore and because of volatile crude oil prices.

11 Dividend

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

A final dividend has been recommended in respect of the current financial year ended 30 June 2014.

| Name of dividend | Final (proposed) |
|---|----------------------------|
| Dividend type: | Cash |
| Dividend amount per ordinary share (cents): | 1.00 |
| Tax rate: | Tax exempt (1-Tier) |

The Directors are pleased to propose a final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share in respect of FY2014 for approval by shareholders at the forthcoming Annual General Meeting.

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

A final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share was declared in respect of FY2013.

(c) Date payable

To be determined and announced at a later date.

(d) Books closure date

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine shareholders' entitlement to the dividend.

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

Not applicable.

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

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

PART 2 ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

| FY2014 | R&R \$'000 | A&A \$'000 | Others \$'000 | Total \$'000 |
|------------------------------------|---------------------------|---------------------------|--------------------------|-------------------------|
| Segment revenue | 48,328 | 20,382 | 1,142 | 69,852 |
| Segment profits | 10,707 | 2,525 | 267 | 13,499 |
| Segment assets | 21,905 | 8,979 | 667 | 31,551 |
| Unallocated assets | | | | 17,809 |
| Total assets | | | | 49,360 |
| Segment liabilities | 10,553 | 3,151 | 617 | 14,321 |
| Unallocated liabilities | | | | 9,252 |
| Total liabilities | | | | 23,573 |
| FY2013 | R&R \$'000 | A&A \$'000 | Others \$'000 | Total \$'000 |
| Segment revenue | 26,381 | 21,770 | 96 | 48,247 |
| Segment profits | 4,817 | 3,354 | 23 | 8,194 |
| Segment assets (restated) | 11,850 | 10,371 | 143 | 22,364 |
| Unallocated assets (restated) | | | | 10,478 |
| Total assets | | | | 32,842 |
| Segment liabilities (restated) | 5,300 | 655 | 253 | 6,208 |
| Unallocated liabilities (restated) | | | | 12,006 |
| Total liabilities | | | | 18,214 |

- 15 **In the review of performance, the factors, leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8 above.

- 16 **A breakdown of sales.**

| | Group | | Change % |
|---|----------------------------|----------------------------|---------------------|
| | 30.06.14 \$'000 | 30.06.13 \$'000 | |
| Sales reported for first half year | 31,895 | 22,088 | 44.4 |
| Operating profit after tax before deducting minority interest reported for first half year | 2,129 | 1,317 | 61.7 |
| Sales reported for second half year | 37,957 | 26,159 | 45.1 |
| Operating profit after tax before deducting minority interest reported for second half year | 3,941 | 4,692 | (16.0) |

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| Total annual dividend | FY2014 \$'000 | FY2013 \$'000 |
|-----------------------|------------------|------------------|
| Ordinary shares | 1,176 | 1,000 |

18 Use of IPO proceeds

Pursuant to the IPO, the Company received gross proceeds of \$6.8 million and as at the date of this announcement, the IPO proceeds have been utilised as follows:

| Intended Usage in accordance with the Offer Document | Amount allocated \$'000 | Amount utilised \$'000 | Balance \$'000 |
|--|----------------------------|---------------------------|-------------------|
| To expand our business in providing green solutions and products for R&R and A&A projects and our fleet of equipment, machinery and vehicles | 1,200 | (1,032) | 168 |
| To expand our business through acquisitions, joint ventures and/or strategic alliances, as well as developing new businesses | 2,500 | (51) | 2,449 |
| General working capital | 1,570 | (1,570) | - |
| Listing expenses borne by the Company | 1,491 | (1,491) | - |
| Total | 6,761 | (4,144) | 2,617 |

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10), the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

David Ng Cheng Lian
Executive Chairman
27 August 2014

Anthony Koh Thong Huat
CEO