



**ISOTEAM**

ISOTEAM LTD.

(Company Registration No. 201230294M)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	Note	Six Months Ended		Change
		31.12.23	31.12.22	
		\$'000	\$'000	
<b>Income Statement</b>				
Revenue	3	62,744	53,862	16.5
Cost of sales		(54,416)	(48,874)	11.3
Gross profit		8,328	4,988	67.0
Other income	4	598	3,260	(81.7)
Marketing and distribution expenses		(351)	(420)	(16.4)
General and administrative expenses		(5,647)	(5,759)	(1.9)
Finance costs	5	(1,253)	(1,046)	19.8
Impairment loss on receivables and contract assets		(98)	(318)	(69.2)
Other operating expenses		(302)	(123)	145.5
<b>Profit before tax</b>	6	<b>1,275</b>	<b>582</b>	119.1
Tax credit	7	9	232	(96.1)
<b>Profit for the period</b>		<b>1,284</b>	<b>814</b>	57.7
<b>Profit/(loss) attributable to:</b>				
Equity holders of the Company		1,407	1,050	34.0
Non-controlling interests		(123)	(236)	(47.9)
		<b>1,284</b>	<b>814</b>	57.7

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Group			
	Note	Six Months Ended		Change
		31.12.23	31.12.22	
		\$'000	\$'000	%
<b>Statement of Comprehensive Income</b>				
Profit for the period		1,284	814	57.7
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation (loss)/gain		(1)	1	(200.0)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(1)</b>	<b>1</b>	<b>(200.0)</b>
<b>Total comprehensive income for the period</b>		<b>1,283</b>	<b>815</b>	<b>57.4</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company		1,405	1,049	33.9
Non-controlling interests		(122)	(234)	(47.9)
		<b>1,283</b>	<b>815</b>	<b>57.4</b>

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31.12.23	As at 30.06.23	As at 31.12.23	As at 30.06.23
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment		20,278	21,525	-	-
Goodwill	11	1,662	1,662	-	-
Intangible assets		99	210	-	18
Investment in subsidiaries	12	-	-	29,215	25,636
Other investments	13	3,467	3,467	3,467	3,467
Deferred tax assets		1,006	1,098	-	-
		<b>26,512</b>	<b>27,962</b>	<b>32,682</b>	<b>29,121</b>
<b><u>Current assets</u></b>					
Contract assets		33,128	36,064	-	-
Inventories		170	194	-	-
Tax recoverable		109	112	-	-
Trade and other receivables		41,541	29,875	11,532	6,852
Cash and bank balances		11,309	6,799	809	266
<b>Total current assets</b>		<b>86,257</b>	<b>73,044</b>	<b>12,341</b>	<b>7,118</b>
<b>Total assets</b>		<b>112,769</b>	<b>101,006</b>	<b>45,023</b>	<b>36,239</b>
<b><u>Non-current liabilities</u></b>					
Lease liabilities	14	2,932	3,305	-	-
Deferred tax liabilities		-	105	4	4
Loans and borrowings	14	11,485	13,543	1,384	1,686
<b>Total non-current liabilities</b>		<b>14,417</b>	<b>16,953</b>	<b>1,388</b>	<b>1,690</b>
<b><u>Current liabilities</u></b>					
Contract liabilities		3,770	2,265	-	-
Loans and borrowings	14	27,733	30,597	5,801	6,299
Trade and other payables		28,398	24,337	2,241	2,980
Lease liabilities	14	1,041	1,183	-	-
<b>Total current liabilities</b>		<b>60,942</b>	<b>58,382</b>	<b>8,042</b>	<b>9,279</b>
<b>Total liabilities</b>		<b>75,359</b>	<b>75,335</b>	<b>9,430</b>	<b>10,969</b>
<b>Net assets</b>		<b>37,410</b>	<b>25,671</b>	<b>35,593</b>	<b>25,270</b>

**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	Group		Company	
		As at 31.12.23	As at 30.06.23	As at 31.12.23	As at 30.06.23
		\$'000	\$'000	\$'000	\$'000
<b>Share capital and reserves</b>					
Share capital	15	54,010	43,743	54,010	43,743
Treasury shares	16	(152)	(152)	(152)	(152)
Accumulated losses		(9,150)	(10,557)	(18,600)	(18,467)
Foreign currency translation reserve		30	32	-	-
Merger reserve		(7,305)	(7,305)	-	-
Other reserves		228	39	335	146
Equity attributable to equity holders of the Company		37,661	25,800	35,593	25,270
Non-controlling interests		(251)	(129)	-	-
<b>Total equity</b>		<b>37,410</b>	<b>25,671</b>	<b>35,593</b>	<b>25,270</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

The Group	Attributable to equity holders of the Company						Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000			
<b>At 1 July 2023</b>	<b>43,743</b>	<b>(152)</b>	<b>(7,305)</b>	<b>32</b>	<b>39</b>	<b>(10,557)</b>	<b>25,800</b>	<b>(129)</b>	<b>25,671</b>
Profit/(loss) for the period	-	-	-	-	-	1,407	1,407	(123)	1,284
<b>Other comprehensive (loss)/income</b>									
Foreign currency translation (loss)/gain	-	-	-	(2)	-	-	(2)	1	(1)
Other comprehensive (loss)/income for the period, net of tax	-	-	-	(2)	-	-	(2)	1	(1)
Total comprehensive income/(loss) for the period	-	-	-	(2)	-	1,407	1,405	(122)	1,283
<b>Contribution by and distributions to equity holders</b>									
Issue of share capital	10,415	-	-	-	-	-	10,415	-	10,415
Transaction costs related to issue of ordinary shares	(148)	-	-	-	-	-	(148)	-	(148)
Total contribution by and distribution to equity holders	10,267	-	-	-	-	-	10,267	-	10,267

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Group	Attributable to equity holders of the Company						Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000			
Equity-settled share-based payment	-	-	-	-	192	-	192	-	192
Forfeiture of share awards	-	-	-	-	(3)	-	(3)	-	(3)
Total changes in ownership interests in subsidiaries	-	-	-	-	189	-	189	-	189
<b>At 31 December 2023</b>	<b>54,010</b>	<b>(152)</b>	<b>(7,305)</b>	<b>30</b>	<b>228</b>	<b>(9,150)</b>	<b>37,661</b>	<b>(251)</b>	<b>37,410</b>

**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

The Group	Attributable to equity holders of the Company						Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000			
<b>At 1 July 2022, as restated</b>	<b>43,743</b>	<b>(152)</b>	<b>(7,338)</b>	<b>33</b>	<b>(60)</b>	<b>(11,962)</b>	<b>24,264</b>	<b>(3,344)</b>	<b>20,920</b>
Profit/(loss) for the period	-	-	-	-	-	1,050	1,050	(236)	814
<b>Other comprehensive (loss)/income</b>									
Foreign currency translation (loss)/gain	-	-	-	(1)	-	-	(1)	2	1
Other comprehensive (loss)/income for the period, net of tax	-	-	-	(1)	-	-	(1)	2	1
Total comprehensive (loss)/income for the period	-	-	-	(1)	-	1,050	1,049	(234)	815
<b>Contribution by and distributions to equity holders</b>									
Disposal of subsidiaries	-	-	33	-	(29)	-	4	-	4
Elimination of non-controlling interest	-	-	-	-	-	-	-	3,474	3,474
	-	-	33	-	29	-	4	3,474	3,478
<b>At 31 December 2022, as restated</b>	<b>43,743</b>	<b>(152)</b>	<b>(7,305)</b>	<b>32</b>	<b>(89)</b>	<b>(10,912)</b>	<b>25,317</b>	<b>(104)</b>	<b>25,213</b>



**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

<b>The Company</b>	<b>Share Capital \$'000</b>	<b>Treasury shares \$'000</b>	<b>Other reserves \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total equity \$'000</b>
<b>At 1 July 2023</b>	<b>43,743</b>	<b>(152)</b>	<b>146</b>	<b>(18,467)</b>	<b>25,270</b>
Loss and total comprehensive loss for the period	-	-	-	(133)	(133)
<b>Contribution by and distributions to equity holders</b>					
Issue of share capital	10,415	-	-	-	10,415
Transaction costs related to issue of share capital	(148)	-	-	-	(148)
Total contribution by and distribution to equity holders	10,267	-	-	-	10,267
Equity-settled share-based payment	-	-	192	-	192
Forfeiture of share awards	-	-	(3)	-	(3)
<b>Total transactions with equity holders of the Company</b>	<b>10,267</b>	<b>-</b>	<b>189</b>	<b>-</b>	<b>10,456</b>
<b>At 31 December 2023</b>	<b>54,010</b>	<b>(152)</b>	<b>335</b>	<b>(18,600)</b>	<b>35,593</b>
<b>At 1 July 2022</b>	<b>43,743</b>	<b>(152)</b>	<b>18</b>	<b>(15,847)</b>	<b>27,762</b>
Profit and total comprehensive income for the period	-	-	-	2,826	2,826
<b>At 31 December 2022</b>	<b>43,743</b>	<b>(152)</b>	<b>18</b>	<b>(13,021)</b>	<b>30,588</b>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.23</b>	<b>31.12.22</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	1,275	582
Adjustments for: -		
Depreciation of property, plant and equipment	1,516	1,857
Net gain on disposal of property, plant and equipment	(14)	(4)
Interest income	(207)	(26)
Interest expense	1,113	889
Amortisation of intangible assets	113	166
Allowance for impairment on receivables and contract assets (net)	98	318
Bad debts (recovered) / written off	(17)	1
Gain on disposal of subsidiaries	-	(2,447)
Equity-settled share-based payment	189	-
<b>Operating cash flows before working capital changes</b>	<b>4,066</b>	<b>1,336</b>
Contract assets	2,909	(2,967)
Contract liabilities	1,506	3,373
Inventories	24	(6)
Trade and other receivables	(11,719)	(17,013)
Trade and other payables	4,318	5,143
<b>Cash generated from/(used in) operations</b>	<b>1,104</b>	<b>(10,134)</b>
Interest received	207	26
Tax paid	-	(1)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,311</b>	<b>(10,109)</b>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.23</b>	<b>31.12.22</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from investing activities</b>		
Additions to intangible assets	(2)	(81)
Purchases of plant and equipment	(251)	(483)
Proceeds from disposal of property, plant and equipment	50	4
Proceeds from disposal of subsidiaries, net of cash disposed of ( <b>Note A</b> )	-	-
<b>Net cash used in investing activities</b>	<b>(203)</b>	<b>(560)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	10,415	-
Transaction costs related to issue of share capital	(148)	-
Fixed deposits placement to banks	-	(2,480)
Due to/(from) related parties (non-trade)	(244)	87
Drawdown of bank borrowings	26,365	15,525
Repayment of bank borrowings	(30,448)	(13,552)
Interest paid	(1,085)	(882)
Repayment of lease liabilities	(587)	(683)
<b>Net cash generated from/(used in) financing activities</b>	<b>4,268</b>	<b>(1,985)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,376</b>	<b>(12,654)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>1,766</b>	<b>16,111</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>7,142</b>	<b>3,457</b>

**Notes to the Consolidated Statement of Cash Flows**

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

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>31.12.23</b>	<b>31.12.22</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash in hand and at bank	7,142	3,244
Fixed deposits	4,167	4,321
	11,309	7,565
Less: Fixed deposits pledged	(4,167)	(4,108)
	7,142	3,457

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

**Note A: Disposal of subsidiaries comprising SG Bike Pte. Ltd. ("SGB"), ISOTeam Green Solutions Pte. Ltd. ("IGS"), and ISOTeam Access Pte. Ltd. ("IAC")**

**Carrying amount of assets and liabilities derecognised**

	<b>SGB</b>	<b>IGS</b>	<b>IAC</b>	<b>Total</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	145	3	2,756	2,904
Intangible assets	116	–	–	116
Inventories	–	3	87	90
Trade and other receivables	3,729	1,495	994	6,218
Contract liabilities	(1,819)	–	–	(1,819)
Lease liabilities	(33)	–	(656)	(689)
Deferred tax assets	–	–	(212)	(212)
Trade and other payables	(5,401)	(1,352)	(2,313)	(9,066)
	<hr/>			
Carrying value of net (liabilities)/assets	(3,263)	149	656	(2,458)
Add: Merger reserve	–	33	–	33
Add: Non-controlling interests	3,474	–	–	3,474
Less: Other reserve	(29)	–	–	(29)
	<hr/>			
Carrying value of net assets	182	182	656	1,020
	<hr/>			
Consideration (in the form of participating shares)	550	1	2,916	3,467
Less: Carrying value of net assets disposed	(182)	(182)	(656)	(1,020)
	<hr/>			
Gain/(loss) on disposal of subsidiaries (Note 4)	368	(181)	2,260	2,447
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## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED 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, Singapore 498829.

The principal activities of the Group are provision of repair and redecoration services, addition and alteration services, provision of coating and painting services and others including revenue from home retrofitting business, landscaping works, interior designs, leasing, green solutions business, mechanical & electrical engineering works, vector control services and handyman services.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars ("S") which is the Company's functional currency and all values are rounded to the nearest thousand ("S'000") as indicated.

#### **2.1. New and amended standard adopted by the Group**

A number of amendments to SFRS(I)s have become applicable for the current reporting period, which does not have significant impact to the Group.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

### **2.2. Use of judgements and estimates (Cont'd)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- (i) Note 11: Impairment testing of goodwill - Key assumptions underlying recoverable amounts
- (ii) Fair value of financial assets not quoted in an active market

As disclosed in Note 13, other investments are relatively illiquid with no public market. Management valued the investments in SA Sub-Fund and GH Sub-Fund based on the Group's share of the fair value of the underlying net assets of portfolio companies invested as per the quarterly report issued by the VCC's professional fund manager based on the income approach method, and the market approach method respectively.

Because of the inherent uncertainty of the valuation, management's estimate of fair values which are derived from the reported proportionate share of the fair value of the underlying net assets of the portfolio companies, may differ significantly from the values that would have been used had a ready market existed for the investment.

- (iii) Construction contracts

The Group recognises contract revenue over time by reference to the stage of completion of the contract work. The stage of completion is determined by reference to the contract costs incurred to-date relative to the estimated total contract costs for the contract.

Significant assumptions are used to estimate the total contract revenue (including variation of claims) and total contract costs (including estimated costs to complete), at the inception of the contract and at the end of each reporting period and the determination of the stage of completion. In making these estimates, management devised a robust process for budgeting contract costs and also relied on past experience and technical knowledge of the contract team. The contract teams monitor contract costs incurred closely and ensure that any project cost overruns, provision for onerous contract, liquidated damages and rectification cost are accounted for appropriately in the financial statements.

The carrying amounts of the contract assets and liabilities arising at the end of each reporting period are \$33,128,000 and \$3,770,000 as at 31 December 2023 (30 June 2023: \$36,064,000 and \$2,265,000).

### **3. Segment and revenue information**

The Group is organised into the following main business segments:

- Segment 1: Repairs & Redecoration ("R&R")
- Segment 2: Addition & Alteration ("A&A")
- Segment 3: Coating & Painting ("C&P")
- Segment 4: Others included revenue from home retrofitting business, landscaping works, interior design, leasing, mechanical & electrical engineering works, vector control services and handyman service.

These operating segments are 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.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3. Segment and revenue information (Cont'd)

3.1 Operating segments

1 July 2023 to 31 December 2023	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	26,343	18,730	7,665	10,006	<b>62,744</b>
Segment profit/(loss)	6,573	(142)	1,380	(3,763)	<b>4,048</b>
Depreciation and amortisation					(1,629)
Other non-cash income/(expense)					(98)
Interest income					207
Finance costs					(1,253)
<b>Profit before tax</b>					<b>1,275</b>
Segment assets	21,736	23,610	11,316	52,547	109,209
Unallocated assets					3,560
<b>Total assets</b>					<b>112,769</b>
Segment liabilities	6,633	1,509	5,514	21,169	34,825
Unallocated liabilities					40,534
<b>Total liabilities</b>					<b>75,359</b>
1 July 2022 to 31 December 2022	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
Segment revenue	16,508	18,922	5,099	13,333	<b>53,862</b>
Segment profit/(loss)	1,892	(550)	(648)	803	<b>1,497</b>
Depreciation and amortisation					(2,023)
Other non-cash income/(expense)					2,128
Interest income					26
Finance costs					(1,046)
<b>Profit before tax</b>					<b>582</b>
Segment assets	13,472	20,155	7,739	48,987	90,353
Unallocated assets					4,092
<b>Total assets</b>					<b>94,445</b>
Segment liabilities	6,717	-	7,369	17,200	31,286
Unallocated liabilities					37,946
<b>Total liabilities</b>					<b>69,232</b>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3.2. Disaggregation of revenue

	The Group 6 months ended 31 December 2023				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
<b>1 July 2023 to 31 December 2023</b>					
Types of goods or service:					
Revenue from contracts	26,343	18,730	7,665	9,522	62,260
Revenue from other services	-	-	-	484	484
Sale of goods	-	-	-	-	-
<b>Total revenue</b>	<b>26,343</b>	<b>18,730</b>	<b>7,665</b>	<b>10,006</b>	<b>62,744</b>
Timing of revenue recognition:					
At a point in time	-	-	-	-	-
Over time	26,343	18,730	7,665	10,006	62,744
<b>Total revenue</b>	<b>26,343</b>	<b>18,730</b>	<b>7,665</b>	<b>10,006</b>	<b>62,744</b>

	The Group 6 months ended 31 December 2022				
	R&R \$'000	A&A \$'000	C&P \$'000	Others \$'000	Total \$'000
<b>1 July 2022 to 31 December 2022</b>					
Types of goods or service:					
Revenue from contracts	16,508	18,922	5,099	11,430	51,959
Revenue from other services	-	-	-	432	432
Revenue from leasing	-	-	-	1,419	1,419
Sale of goods	-	-	-	52	52
<b>Total revenue</b>	<b>16,508</b>	<b>18,922</b>	<b>5,099</b>	<b>13,333</b>	<b>53,862</b>
Timing of revenue recognition:					
At a point in time	-	-	-	52	52
Over time	16,508	18,922	5,099	13,281	53,810
<b>Total revenue</b>	<b>16,508</b>	<b>18,922</b>	<b>5,099</b>	<b>13,333</b>	<b>53,862</b>



E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Other Income

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Government grants	89	378
Gain on disposal of property, plant and equipment	17	4
Rental income	74	59
Interest income	207	26
Administrative income	46	32
Foreign exchange gain	4	9
Sales of spare parts	-	72
Bad debts recovered	17	-
Gain on disposal of subsidiaries	-	2,447
Others	144	233
	<b>598</b>	<b>3,260</b>

5. Finance costs

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expenses	1,113	889
Bank charges	101	132
Factoring charges	39	25
	<b>1,253</b>	<b>1,046</b>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6. Profit before tax

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation of intangible asset	113	166
Bad debts (recovered)/ written off	(17)	1
Depreciation of property, plant and equipment	1,516	1,857
Net (gain)/loss on disposal of property, plant and equipment	14	(4)
Allowance for impairment on receivables and contract assets, net	98	318
Equity-settled share-based payment	189	-

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Statement of comprehensive income:		
Current income tax:		
- Current year	-	-
- Over provision of taxation in prior years	3	-
Deferred tax:		
- Current year	(12)	(232)
	<b>(9)</b>	<b>(232)</b>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**8. Earnings per share**

The following reflects the profit attributable to the equity holders of the Company used in the earnings per share computation:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
Profit attributable to equity holders of the Company (\$'000)	1,407	1,050
Weighted average number of ordinary shares Ordinary shares used in calculation of basic earnings per ordinary shares	544,472,415	497,830,014
Potential ordinary shares issuable under ISOTeam PSP	3,225,000	-
Weighted average number of ordinary shares outstanding for diluted earnings per ordinary shares	547,697,415	497,830,014
Basic earnings per share (cents)	0.26	0.21
Diluted earnings per share (cents)	0.26	0.21

There was no difference between the basic and diluted earnings per share for financial period ended 31 December 2022. For the financial period ended 31 December 2023, the potential ordinary shares used to compute the "diluted earnings per share" included the 3,225,000 share awards granted under ISOTeam PSP 2013 as announced on 21 February 2023.

**9. Net Asset Value**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>	<b>31 December 2023</b>	<b>30 June 2023</b>
Net assets value attributable to equity holders of the Company (\$'000)	37,661	25,800	35,593	25,270
Number of ordinary shares	695,537,521	348,366,590	695,537,521	348,366,590
Net assets value per ordinary share (cents)	5.41	7.41	5.12	7.25

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. Property, plant and equipment

During the 6 months ended 31 December 2023, the Group acquired assets amounting to \$270,000 and disposed of assets amounting to \$40,000 respectively.

11. Goodwill

	The Group	
	As at	
	31 December 2023	30 June 2023
Cost	S\$'000	S\$'000
At 1 July	9,520	10,341
Disposal of subsidiaries	-	(821)
At 31 December/ 30 June	9,520	9,520
<b>Accumulated impairment loss</b>		
At 1 July	7,858	8,679
Disposal of subsidiaries	-	(821)
At 31 December/ 30 June	7,858	7,858
<b>Net carrying value</b>	<b>1,662</b>	<b>1,662</b>

**Impairment testing of goodwill**

The recoverable amount of the CGU has been determined based on value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

As at 31 December 2023, the Group reviewed the key assumptions used in the value-in-use calculation as at 30 June 2023 impairment test and noted that the assumptions remained reasonable. No impairment loss was recognised as at 31 December 2023.

Goodwill allocated to the respective cash generating unit ("CGU") are as follows:

	The Group	
	As at	
	31 December 2023	30 June 2023
Cash Generating Unit and principal activities	S\$'000	S\$'000
CGU 1 - Repair & redecoration and coatings & paintings	1,383	1,383
CGU 2 - Landscaping works	279	279
	<b>1,662</b>	<b>1,662</b>

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**12. Investment in subsidiaries**

**Impairment assessment of the Company's investment in subsidiaries**

Determining whether investments in subsidiaries are impaired requires an estimate of the value-in-use (“VIU”) of the subsidiaries. Estimating the VIU requires the Company to make an estimate of the future cash flows expected from the cash generating unit and appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the goodwill. Information about the assumptions and risk factors are disclosed in Note 11.

No impairment was made during this period.

**13. Other investments**

	<b>The Group</b>	
	<b>As at</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value through profit or loss		
- Equity investment in sub-funds (unquoted)	3,467	3,467

The Sub-Funds will be managed by a fund manager appointed by the VCC during the investment period of 24 months (the “Term”). Upon expiry of the Term or the occurrence of certain events, the Company will redeem its investment in the Sub-Funds with the redemption price being the net proceeds from the liquidation or disposal of the investments in the Sub-Funds. Consequently, the Group measures the interests in the Sub-Funds at fair value through profit or loss.

The fair values of SA Sub-Fund and GH Sub-Fund are determined by reference to quarterly reports issued by the VCC’s professional fund manager based on the income approach method, and the market approach method respectively. This fair value measurement was categorised in Level 3 of the fair value hierarchy.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14. Borrowings

	The Group	
	As at	
	31 December 2023	30 June 2023
	\$'000	\$'000
<b><u>Amount repayable in one year or less, or on demand</u></b>		
Secured	27,974	30,764
Unsecured	800	800
<b><u>Amount repayable after one year</u></b>		
Secured	14,417	16,848
	<b><u>43,191</u></b>	<b><u>48,412</u></b>

**Notes**

( a ) Bank borrowings amounting to \$38.4 million are secured by:

- i. charges over fixed deposits;
- ii. mortgage over the Group's leasehold properties;
- iii. first fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited; and
- iv. corporate guarantee from the Company and a subsidiary.

( b ) Lease liabilities of the Group amounting to \$4.0 million are secured by the rights to the leased equipment, machineries and motor vehicles. Certain directors of the Company have provided personal guarantees for certain finance lease liabilities.

15. Share capital

	Group and Company			
	31 December 2023		30 June 2023	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July	348,366	43,743	348,366	43,743
Rights Issue	347,171	10,267	-	-
At 31 December/30 June	695,537	54,010	348,366	43,743

Following the completion of the Rights Issue, 347,170,931 Rights Shares have been allotted and issued on 22 August 2023. Accordingly, the number of issued shares have increased from 348,366,590 shares as at 30 June 2023 to 695,537,521 shares as at 31 December 2023.

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**15. Share capital (cont'd)**

Pursuant to the ISOTeam Performance Share Plan 2013 ("PSP 2013") and as announced by the Company on 21 February 2023 and 2 January 2024, share awards had been granted to selected employees, of which 3,225,000 shares had vested on 31 December 2023 and were issued and allotted by the Company on 2 January 2024.

	<b>Group and Company</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>
	No. of shares '000	No. of shares '000
Total number of issued shares, including treasury shares	695,537	348,366
Treasury shares	(1,195)	(1,195)
Total number of issued shares, excluding treasury shares	<b>694,342</b>	<b>347,171</b>

**16. Treasury shares**

	<b>Group and Company</b>			
	<b>31 December 2023</b>		<b>31 December 2022</b>	
	Number of issued shares '000	Issued share capital \$'000	Number of issued shares '000	Issued share capital \$'000
At 1 July/31 December	1,195	152	1,195	152
Percentage (%) of treasury shares against total number of shares outstanding as at 31 December	<b>0.2%</b>		<b>0.3%</b>	

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

As at 31 December 2023 and 31 December 2022, the Company does not have any outstanding convertibles.

There were no shares held by subsidiary holdings as at 31 December 2023 and 31 December 2022.

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**17. Related parties**

**17a.** 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:

	<b>The Group</b>	
	<b>6 months ended</b>	
<b>Group</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>With related parties</b>		
<i>Expenses</i>		
Purchases	2,262	1,948
<b>Company</b>		
Receipts on behalf	-	(361)
Loan	7,498	3,950
Repayment of loan	(225)	(708)
<i>Income</i>		
Management fee	(1,132)	(893)
Interest income	(40)	(98)
<i>Expenses</i>		
Recharge of expense	38	3

**17b. Compensation of key management personnel.**

There were no significant changes to the key management personnel in 6MFY2024. There were no changes to the compensation scheme in 6MFY2024.

**18. 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)



**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**18. Fair value hierarchy (Cont'd)**

**Assets measured at fair value**

The financial assets at fair value through profit or loss is classified as Level 3. The fair value of the unquoted equity shares is determined by reference to the investee company's share issuance transaction price in prior year. The measurement of fair value of the unquoted equity shares is performed by the Group's finance team, based on evidence obtained from the investee company to assess if the share issuance transaction price is supportable and the appropriate classification of the fair value level hierarchy measurement for this financial asset.

A higher share issuance transaction price will result in a higher fair value measurement.

Movements in Level 3 assets and liabilities measured at fair value

	Unquoted equity shares	
	<b>31 December 2023</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	3,467	-
Addition during the year	-	3,467
Balance at end of financial year	<b>3,467</b>	<b>3,467</b>

**19. Subsequent events**

Pursuant to the PSP 2013 and as announced by the Company on 21 February 2023 and 2 January 2024, share awards had been granted to selected employees of the Company, of which 3,225,000 shares had vested on 31 December 2023 and were issued and allotted by the Company on 2 January 2024.

On 31 January 2024, ISO-Team Corporation Pte Ltd, a wholly-owned subsidiary of the Company, issued 3,400,000 ordinary shares at S\$1 each to the Company by way of capitalisation of existing shareholder's loans.

Save for the abovementioned, there have been no known events that may have an effect on the condensed interim consolidated financial statements for the six months period ended 31 December 2023.

**Other Information Required by Listing Rule**

**Appendix 7C**

## OTHER INFORMATION

- The condensed interim consolidated statements of financial position of ISOTeam Ltd and its subsidiaries as at 31 December 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-months period ended 31 December 2023 and certain explanatory notes have not been audited or reviewed.
- Review of performance of the Group**

Revenue	Group				
	Six Months Ended				
	31.12.2023		31.12.2022		Change
	\$'000	%	\$'000	%	%
R&R	26,343	42.0	16,508	30.6	59.6
A&A	18,730	29.9	18,922	35.1	(1.0)
C&P	7,665	12.2	5,099	9.5	50.3
Others <sup>(a)</sup>	10,006	15.9	13,333	24.8	(25.0)
	<b>62,744</b>	<b>100.0</b>	<b>53,862</b>	<b>100.0</b>	16.5

<sup>(a)</sup> Others included revenue from home retrofitting business, landscaping works, interior design, leasing, mechanical & electrical engineering works, vector control services and handyman services.

### Condensed Interim Consolidated Statement of Comprehensive income

#### Revenue

##### 6MFY2024 vs 6MFY2023

Group revenue increased by \$8.8 million or 16.5% from \$53.9 million in 6MFY2023 to \$62.7 million in 6MFY2024. The increase was mainly due to increase in revenue contributed by all business segments partially offset by the decrease in A&A and Others segments.

#### Gross profit and gross profit margin

##### 6MFY2024 vs 6MFY2023

The Group's gross profit increased by \$3.3 million or 67.0% from \$5.0 million in 6MFY2023 to \$8.3 million in 6MFY2024 mainly due to improved margins.

#### Other income

##### 6MFY2024 vs 6MFY2023

The Group's other income decreased by \$2.7 million from \$3.3 million in 6MFY2023 to \$0.6 million in 6MFY2024. The higher income in 6MFY2023 was mainly due to one-off gain on disposal of subsidiaries.

## **2. Review of performance of the Group (Cont'd)**

### **Condensed Interim Consolidated Statement of Comprehensive income (Cont'd)**

#### **Marketing and distribution expenses**

##### **6MFY2024 vs 6MFY2023**

The Group's marketing and distribution expenses decreased by \$0.07 million or 16.4% from \$0.42 million in 6MFY2023 to \$0.35 million in 6MFY2024. The decrease was mainly due to reduction in staff cost as a result of disposal of subsidiaries.

#### **General and administrative expenses**

##### **6MFY2024 vs 6MFY2023**

There were no material changes in the Group's general and administrative expenses in 6MFY2024.

#### **Finance costs**

##### **6MFY2024 vs 6MFY2023**

The Group's finance costs increased by \$0.2 million or 19.8% from \$1.0 million in 6MFY2023 to \$1.2 million in 6MFY2024. This was mainly due to the utilisation of trade facilities.

#### **Other operating expenses**

##### **6MFY2024 vs 6MFY2023**

The Group's other operating expenses increased by \$0.2 million or 145.5% from \$0.1 million in 6MFY2023 to \$0.3 million in 6MFY2024. The increase was mainly due to share-based payment compensation under the ISOTeam PSP 2013 in 6MFY2024.

#### **Profit before tax**

##### **6MFY2024 vs 6MFY2023**

As a result of the above, the Group recorded a profit before tax of \$1.3million in 6MFY2024 as compared to \$0.6 million in 6MFY2023.

#### **Tax credit and Profit after tax**

##### **6MFY2024 vs 6MFY2023**

The Group's tax credit decreased by 96.1% mainly due to decrease in deferred tax income. Accordingly, the Group recorded a profit after tax of \$1.3 million in 6MFY2024 as compared to \$0.8 million in 6MFY2023.

## **2. Review of performance of the Group (Cont'd)**

### **Condensed Interim Statements of Financial Position**

#### **Non-current assets**

The Group's non-current assets decreased by \$1.5 million or 5.2% from \$28.0 million as at 30 June 2023 to \$26.5 million as at 31 December 2023, mainly due to decrease in property, plant and equipment, intangible assets and deferred tax assets.

#### **Current assets**

Current assets increased by \$13.2 million or 18.1% from \$73.0 million as at 30 June 2023 to \$86.2 million as at 31 December 2023 mainly due to increase in trade and other receivables and cash and bank balances partially offset by the decrease in contract assets.

#### **Non-current liabilities**

The decrease in non-current liabilities of \$2.5 million or 15.0% from \$16.9 million as at 30 June 2023 to \$14.4 million as at 31 December 2023 was mainly due to repayment of loans and borrowings and lease liabilities.

#### **Current liabilities**

The increase in current liabilities of \$2.6 million or 4.4% from \$58.4 million as at 30 June 2023 to \$61.0 million as at 31 December 2023 was mainly due to increase in trade and other payables and contract liabilities partially offset by the repayment of loans and borrowings.

### **Condensed Interim Consolidated Statement of Cash Flows**

#### **Net cash generated from operating activities**

##### **6MFY2024**

Net cash generated from operating activities amounted to \$1.3 million in 6MFY2024 was mainly due to decrease in contract assets and contract liabilities and increase of trade and other payables which were partially offset by the increase in trade and other receivables. Main bulk of the trade and other receivables that was due has been collected as at the date of this announcement.

#### **Net cash used in from investing activities**

##### **6MFY2024**

Net cash used in investing activities amounted to \$0.2 million in 6MFY2024 was mainly due to purchases of property, plant and equipment such as motor vehicles and machineries.

#### **Net cash generated from financing activities**

##### **6MFY2024**

Net cash generated from financing activities of \$4.3 million in 6MFY2024 was mainly due to drawdown of bank borrowings and proceeds from issue of share capital by way of rights issue which were partially offset by repayment of bank borrowings, interest paid and repayment of lease liabilities.

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

Not applicable.

4. **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 Building and Construction Authority (“BCA”) projects the total construction demand in 2024 to range between S\$32.0 billion and S\$38.0 billion with the public sector contributing 55.0% of total demand. Over the medium term, BCA projects a steady improvement in construction demand of between S\$31.0 billion and S\$38.0 billion from 2025 to 2028 with the public sector contributing between S\$19.0 billion and S\$23.0 billion over the forecast period. #

Besides public housing developments, public sector construction demand from 2024 to 2028 will be supported by various major developments, such as MRT projects, infrastructure works for the future Changi Airport Terminal 5 (T5), Tuas Port developments, hospital and educational institution projects as well as integrated development spanning across various precincts including Siglap South and Toa Payoh. #

In light of the above, the Group remains cautiously optimistic of the market conditions in the construction sector. Nevertheless, due to rising manpower and material costs, the Group continues to prioritise cash conservation and cost control to manage the high cost environment. The current interest rate environment is also expected to impact the Group’s cost of borrowing.

As at 31 December 2023, the order book of the Group stands at \$182.4 million, which should support the Group’s activities to FY2026. The Group will selectively tender for public and private sector projects, taking into consideration the prevailing market conditions.

# [BCA media release “Steady Demand for the Construction Sector Projected for 2024” dated 15 January 2024](#)

5. **If a decision regarding dividend has been made:**

- ( a ) **Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend declared or recommended.

- ( b )(i) **Amount per share in cents**

Not applicable.

- ( b )(ii) **Previous corresponding period in cents**

Not applicable

- ( c ) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- ( d ) **The date the dividend is payable**

Not applicable.

**5. If a decision regarding dividend has been made: (Cont'd)**

**( e ) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

The Board has decided that, in view of the present uncertainty in the market outlook and business environment, it would be prudent not to declare dividend for the current financial period.

**7. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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).

**8. Negative confirmation pursuant to Rule 705(5)**

We, David Ng Cheng Lian and Anthony Koh Thong Huat, being the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information for 6MFY2024 to be false or misleading in any material aspect.

**9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

**10. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)**

During the period from 1 July 2023 to 31 December 2023, there were no acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A).

On 31 January 2024, ISO-Team Corporation Pte Ltd, a wholly-owned subsidiary of the Company, issued 3,400,000 ordinary shares at S\$1 each to the Company by way of capitalisation of existing shareholder's loans.

**11. Use of Proceeds**

As at the date of this announcement, the Net Proceeds from the Rights Issue has been utilised as follows:

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
General working capital requirements of the Group	7,180	7,180*	-
Repayment of banking facilities	3,080	3,080	-
Total	10,260	10,260	-

\* Utilised for settlement of trade payables

**BY ORDER OF THE BOARD**

**David Ng Cheng Lian**  
**Executive Chairman**  
**7 February 2024**

**Anthony Koh Thong Huat**  
**CEO**

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

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