



ISOTEAM LTD.

(Company Registration No. 201230294M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020 AND TWELVE MONTHS ENDED 30 JUNE 2020

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

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

1(a)(i) Unaudited Consolidated Income Statement and Statement of Comprehensive Income for the Period Ended 30 June 2020 ("6MFY2020") and Year Ended 30 June 2020 ("FY2020")

	Group				Group		
	Note	Six Months Ended		Change	Twelve Months Ended		Change
		30.06.20	30.06.19		30.06.20	30.06.19	
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)		
		\$'000	\$'000	%	\$'000	\$'000	%
Income Statement							
Revenue		27,920	63,468	(56.0)	91,693	136,601	(32.9)
Cost of sales		(35,697)	(51,988)	(31.3)	(89,775)	(114,966)	(21.9)
Gross (loss)/profit		(7,777)	11,480	(167.9)	1,918	21,635	(91.2)
Other income	(a)	1,809	2,709	(33.2)	2,995	3,109	(3.7)
Marketing and distribution expenses		(422)	(540)	(21.9)	(883)	(1,173)	(24.7)
General and administrative expenses		(10,722)	(7,942)	35.0	(17,316)	(14,762)	17.3
Finance costs		(895)	(633)	41.4	(1,842)	(1,164)	58.2
Other operating expenses		(6,262)	(193)	N/M	(6,452)	(409)	N/M
Share of results of associate		(48)	19	N/M	(70)	19	N/M
(Loss)/profit before tax	(b)	(24,317)	4,900	N/M	(21,650)	7,255	N/M
Tax credit/(expense)		682	(345)	(297.7)	160	(952)	(116.8)
(Loss)/profit for the period/year		(23,635)	4,555	N/M	(21,490)	6,303	N/M
(Loss)/profit attributable to:							
Equity holders of the Company		(22,376)	4,630	N/M	(19,575)	6,757	N/M
Non-controlling interests		(1,259)	(75)	N/M	(1,915)	(454)	N/M
		(23,635)	4,555	N/M	(21,490)	6,303	N/M

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

	Group				Group			
	Note	Six Months Ended		Change	Twelve Months Ended		Change	
		30.06.20	30.06.19		30.06.20	30.06.19		
		(Unaudited)	(Unaudited)		(Unaudited)	(Audited)		
	\$'000	\$'000	%	\$'000	\$'000	%		
Statement of Comprehensive Income (Loss)/profit for the period/year		(23,635)	4,555	N/M	(21,490)	6,303	N/M	
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation (loss)/gain		(67)	(2)	N/M	(72)	25	N/M	
Other comprehensive (loss)/income for the period/year, net of tax		(67)	(2)	N/M	(72)	25	N/M	
Total comprehensive (loss)/income for the period/year		(23,702)	4,553	N/M	(21,562)	6,328	N/M	
Total comprehensive (loss)/income attributable to:								
Equity holders of the Company		(22,439)	4,630	N/M	(19,642)	6,779	N/M	
Non-controlling interests		(1,263)	(77)	N/M	(1,920)	(451)	N/M	
		(23,702)	4,553	N/M	(21,562)	6,328	N/M	

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

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

		Group			Group		
		Six Months Ended			Twelve Months Ended		
		30.06.20	30.06.19	Change	30.06.20	30.06.19	Change
		(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
\$'000	\$'000	%	\$'000	\$'000	%		
(a)	<u>Other income</u>						
	Government grants	193	242	(20.2)	900	335	168.7
	Gain on disposal of property, plant and equipment	9	50	(82.0)	109	53	105.7
	Interest income	22	52	(57.7)	73	111	(34.2)
	Administrative income	18	13	38.5	42	19	121.1
	Foreign exchange gain	29	-	N/M	70	-	N/M
	Fair value gain of other investment	-	1,711	N/M	-	1,711	N/M
	Sales of spare parts	85	73	16.4	172	154	11.7
	Gain on disposal of a subsidiary	-	730	N/M	-	730	N/M
	Bargain purchase from acquisition of a business	1,319	-	N/M	1,319	-	N/M
	Others	134	(162)	(182.7)	310	(4)	N/M
		1,809	2,709		2,995	3,109	
(b)	<u>(Loss)/profit before tax</u>						
	This is arrived at after charging/(crediting):						
	Depreciation of property, plant and equipment	1,960	1,986	(27.4)	3,357	3,771	(11.0)
	Depreciation of investment property	9	9	-	18	18	-
	Depreciation of right-of-use assets	561	-	N/M	1,102	-	N/M
	Net loss/(gain) on disposal of property, plant and equipment	11	23	(52.2)	(72)	86	(183.7)
	Property, plant and equipment written off	-	-	-	-	41	N/M
	Amortisation of intangible assets	504	522	(3.4)	840	848	(0.9)
	Share of results of associate	(48)	19	N/M	(70)	19	N/M
	Impairment loss of goodwill	4,821	-	N/M	4,821	-	N/M
	Allowance for impairment on contract assets	887	-	N/M	887	-	N/M
	Interest expense	833	586	42.2	1,735	1,090	59.2
	Allowance for impairment on trade receivables	2,211	3,385	(34.7)	2,245	3,385	(33.7)
	Fair value loss of other investment	331	-	N/M	331	-	N/M
	Bad debts written off	163	-	N/M	163	-	N/M
	Loss on disposal of other investment	48	-	N/M	48	-	N/M
	Government grant (offset with expenses)	1,199	-	N/M	1,199	-	N/M

"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 30.06.20	As at 30.06.19	As at 30.06.20	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	23,757	30,247	95	-
Goodwill	9,195	2,658	-	-
Investment property	893	911	-	-
Intangible assets	2,526	2,075	-	-
Investment in subsidiaries	-	-	40,656	33,686
Investment in associate	368	438	265	265
Right-of-use assets	5,916	-	-	-
Other investments	6,380	7,743	6,380	6,711
	49,035	44,072	47,396	40,662
<u>Current assets</u>				
Contract assets	21,874	32,151	-	-
Asset held for sale	2,330	2,330	-	-
Inventories	1,510	1,877	-	-
Tax recoverable	23	-	-	-
Trade and other receivables	32,473	33,523	24,195	20,272
Cash and bank balances	12,584	9,029	132	1,092
Total current assets	70,794	78,910	24,327	21,364
Total assets	119,829	122,982	71,723	62,026
<u>Non-current liabilities</u>				
Finance lease liabilities	-	2,764	-	-
Deferred tax liabilities	670	898	4	-
Lease liabilities	2,035	-	-	-
Loans and borrowings	10,943	9,927	-	-
Total non-current liabilities	13,648	13,589	4	-
<u>Current liabilities</u>				
Contract liabilities	1,213	263	-	-
Loans and borrowings	29,938	25,922	12,035	9,300
Trade and other payables	25,180	21,996	5,653	5,225
Lease liabilities	1,241	-	-	-
Finance lease liabilities	-	1,283	-	-
Tax payables	-	375	-	-
Total current liabilities	57,572	49,839	17,688	14,525
Total liabilities	71,220	63,428	17,692	14,525
Net assets	48,609	59,554	54,031	47,501

	Group		Company	
	As at 30.06.20	As at 30.06.19	As at 30.06.20	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Share capital and reserves				
Share capital	44,618	29,618	44,618	29,618
Treasury shares	(350)	(267)	(350)	(267)
Accumulated profits	12,548	34,309	9,688	18,075
Foreign currency translation reserve	(24)	44	-	-
Merger reserve	(7,338)	(7,338)	-	-
Other reserves	(32)	1,065	75	75
Equity attributable to equity holders of the Company	49,422	57,431	54,031	47,501
Non-controlling interests	(813)	2,123	-	-
Total equity	48,609	59,554	54,031	47,501

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

	Group		Group	
	As at 30.06.20		As at 30.06.19	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	29,069	2,035	27,205	-
Amount repayable after one year	12,931	-	12,691	-
	42,000	2,035	39,896	-

Details of any collaterals

- (a) Bank borrowings amounting to \$38.8 million are secured by:
- (i) charges over fixed deposit;
 - (ii) mortgage over the Group's leasehold properties;
 - (iii) first fixed charge over receivables arising from invoices financed directly or indirectly over the account in which the receivables are deposited; and
 - (iv) corporate guarantee from the Company and a subsidiary.
- (b) Lease liabilities of the Group amounting to \$3.2 million are secured by the rights to the leased equipment, machineries and motor vehicles. Certain directors of the Company have provided personal guarantees for certain of the lease liabilities.

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

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

	Note	Group		Group	
		Six Months Ended		Twelve Months Ended	
		30.06.20	30.06.19	30.06.20	30.06.19
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
(Loss)/profit before income tax		(24,317)	4,900	(21,650)	7,255
Adjustment for: -					
Depreciation of property, plant and equipment		1,960	1,986	3,357	3,771
Depreciation of investment property		9	9	18	18
Net loss/(gain) on disposal of property, plant and equipment		11	23	(72)	33
Property, plant and equipment written off		-	-	-	41
Depreciation of right-of-use assets		561	-	1,102	-
Amortisation of intangible assets		504	522	840	848
Allowance for impairment on trade receivables		2,211	3,385	2,245	3,385
Loss on disposal of other investment		48	-	48	-
Bad debts written off		163	-	163	-
Impairment loss of goodwill		4,821	-	4,821	-
Allowance for impairment on contract assets		887	-	887	-
Bargain purchase from acquisition of a business		(1,319)	-	(1,319)	-
Gain on disposal of a subsidiary		-	(730)	-	(730)
Share of results of associate		48	(19)	70	(19)
Net fair value loss/ (gain) of other investment		331	(1,711)	331	(1,711)
Interest income		(22)	(52)	(73)	(111)
Interest expense		833	586	1,735	1,090
Operating cash flows before working capital changes		(13,271)	8,899	(7,497)	13,870
Contract assets		17,704	(13,531)	9,390	(16,482)
Contract liabilities		62	-	62	-
Inventories		(339)	(1,366)	367	(1,391)
Trade and other receivables		7,139	13,254	4,123	(9,284)
Trade and other payables		(620)	(17,438)	3,699	3,290
Cash generated from/(used in) operations		10,675	(10,182)	10,144	(9,997)
Interest received		23	60	82	127
Tax paid		(232)	(811)	(473)	(979)
Net cash generated from/(used in) operating activities		10,466	(10,933)	9,753	(10,849)
Cash flows from investing activities					
Purchases of property, plant and equipment	(A)	(321)	(429)	(710)	(1,392)
Proceeds from disposal of other investments		975	-	975	-
Proceeds from disposal of property, plant and equipment		138	88	256	154
Net cash outflows on acquisition of subsidiaries	(B)	(12,000)	-	(12,000)	-
Net cash outflows from acquisition of business	(C)	(597)	-	(597)	-
Net cash inflows from disposal of a subsidiary		-	63	-	63
Net cash used in investing activities		(11,805)	(278)	(12,076)	(1,175)

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

	Note	Group		Group	
		Six Months Ended		Twelve Months Ended	
		30.06.20	30.06.19	30.06.20	30.06.19
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		12,000	-	12,000	-
Dividend paid		-	(513)	(1,197)	(527)
Acquisition of non-controlling interests		-	(14)	-	-
Purchase of treasury shares		(83)	(200)	(83)	(322)
Capital contributed by non-controlling interest		-	-	-	25
Due to related parties (non-trade)		(4,927)	164	(4,667)	188
Fixed deposits pledged to banks		395	(5)	390	(50)
Drawdown of bank borrowings		9,340	9,866	11,957	20,176
Repayment of bank borrowings		(7,225)	(5,798)	(9,268)	(9,016)
Interest paid		(732)	(586)	(1,634)	(1,090)
Repayment of lease liabilities		(779)	(741)	(1,454)	(1,470)
Net cash generated from financing activities		7,989	2,173	6,044	7,914
Net increase/(decrease) in cash and cash equivalents		6,650	(9,038)	3,721	(4,110)
Cash and cash equivalents at beginning of financial period/year		2,270	14,237	5,199	9,309
Cash and cash equivalents at end of financial period		8,920	5,199	8,920	5,199

Note A

The Group acquired property, plant and equipment with an aggregate cost of \$1,199,000 (FY2019: \$3,288,000). The addition were by way of cash payments of \$710,000 (FY2019: \$1,392,000) and finance lease of \$489,000 (FY2019: \$1,896,000).

Note B

Net cash outflows on acquisition of subsidiaries

\$'000

Property, plant and equipment	177
Deferred tax assets	290
Right-of-use assets	22
Trade and other receivables	160
Trade and other payables	(7)
	<u>642</u>
Add: Goodwill	11,358
Consideration transferred for the business	<u>12,000</u>

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

Note C

<u>Net cash outflows on acquisition of business</u>	\$'000
Property, plant and equipment	2,478
Other receivables	410
Other payables	(84)
Contract liabilities	(888)
	<u>1,916</u>
(Less): Bargain purchase	(1,319)
Consideration transferred for the business	<u>597</u>

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

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

	Group		Group	
	Six Months Ended		Twelve Months Ended	
	30.06.20	30.06.19	30.06.20	30.06.19
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Cash in hand and at bank	9,262	3,599	9,262	3,599
Fixed deposits	3,322	5,430	3,322	5,430
	12,584	9,029	12,584	9,029
Less: Fixed deposits pledged	(2,410)	(2,800)	(2,410)	(2,800)
Less: Bank overdrafts	(1,254)	(1,030)	(1,254)	(1,030)
	8,920	5,199	8,920	5,199

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2018	29,618	(256)	(7,338)	16	1,065	29,462	52,567	2,052	54,619
Effects of adoption of SFRS(I)15	-	-	-	6	-	(1,396)	(1,390)	339	(1,051)
At 1 July 2018, restated	29,618	(256)	(7,338)	22	1,065	28,066	51,177	2,391	53,568
Profit/(loss) for the period	-	-	-	-	-	796	796	(315)	481
Other comprehensive income									
Foreign currency translation gain	-	-	-	24	-	-	24	5	29
Other comprehensive income for the period, net of tax	-	-	-	24	-	-	24	5	29
Total comprehensive income for the period	-	-	-	24	-	796	820	(310)	510
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(528)	(528)	-	(528)
Purchase of treasury shares	-	(56)	-	-	-	-	(56)	-	(56)
	-	(56)	-	-	-	(528)	(584)	-	(584)
Total transactions with equity holders of the Company	-	(56)	-	-	-	(528)	(584)	-	(584)
Balance at 30 September 2018	29,618	(312)	(7,338)	46	1,065	28,334	51,413	2,081	53,494

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 October 2018	29,618	(312)	(7,338)	46	1,065	28,334	51,413	2,081	53,494
Profit/(loss) for the period	-	-	-	-	-	1,331	1,331	(64)	1,267
Other comprehensive income									
Foreign currency translation loss	-	-	-	(2)	-	-	(2)	-	(2)
Other comprehensive income for the period, net of tax	-	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income for the period	-	-	-	(2)	-	1,331	1,329	(64)	1,265
Contribution by and distributions to equity holders									
Issuance of new shares	-	-	-	-	-	-	-	25	25
Purchase of treasury shares	-	(66)	-	-	-	-	(66)	-	(66)
	-	(66)	-	-	-	-	(66)	25	(41)
Total transactions with equity holders of the Company	-	(66)	-	-	-	-	(66)	25	(41)
Balance at 31 December 2018	29,618	(378)	(7,338)	44	1,065	29,665	52,676	2,042	54,718

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2019	29,618	(378)	(7,338)	44	1,065	29,665	52,676	2,042	54,718
Profit/(loss) for the period	-	-	-	-	-	4,630	4,630	(75)	4,555
Other comprehensive income									
Foreign currency translation loss	-	-	-	-	-	-	-	(2)	(2)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	(2)	(2)
Total comprehensive income for the period	-	-	-	-	-	4,630	4,630	(77)	4,553
Contribution by and distributions to equity holders									
Purchase of treasury shares	-	(200)	-	-	-	-	(200)	-	(200)
Treasury shares reissued pursuant to acquisition of a subsidiary	-	311	-	-	-	-	311	-	311
Dividend	-	-	-	-	-	15	15	(15)	-
	-	111	-	-	-	15	126	(15)	111
Changes in ownership interest in a subsidiary									
Divestment in a subsidiary	-	-	-	-	-	(483)	(483)	472	(11)
Disposal of a subsidiary	-	-	-	-	-	482	482	(299)	183
	-	-	-	-	-	(1)	(1)	173	172
Total transactions with equity holders of the Company	-	111	-	-	-	14	125	158	283
Balance at 30 June 2019	29,618	(267)	(7,338)	44	1,065	34,309	57,431	2,123	59,554

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2019	29,618	(267)	(7,338)	44	1,065	34,309	57,431	2,123	59,554
Profit for the period	-	-	-	-	-	2,801	2,801	(656)	2,145
Other comprehensive income									
Foreign currency translation loss	-	-	-	(5)	-	-	(5)	(1)	(6)
Other comprehensive income for the period, net of tax	-	-	-	(5)	-	-	(5)	(1)	(6)
Total comprehensive income for the period	-	-	-	(5)	-	2,801	2,796	(657)	2,139
Contribution by and distributions to equity holders									
Dividend	-	-	-	-	-	(1,197)	(1,197)	(138)	(1,335)
	-	-	-	-	-	-	-	-	-
Changes in ownership interest in a subsidiary									
Divestment in a subsidiary	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total transactions with equity holders of the Company	-	-	-	-	-	(1,197)	(1,197)	(138)	(1,335)
Balance at 31 December 2019	29,618	(267)	(7,338)	39	1,065	35,913	59,030	1,328	60,358

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

Group	Attributable to equity holders of the Group								
	Share capital \$'000	Treasury shares \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2020	29,618	(267)	(7,338)	39	1,065	35,913	59,030	1,328	60,358
Loss for the period	-	-	-	-	-	(22,376)	(22,376)	(1,259)	(23,635)
Other comprehensive income									
Foreign currency translation loss	-	-	-	(63)	-	-	(63)	(4)	(67)
Other comprehensive income for the period, net of tax	-	-	-	(63)	-	-	(63)	(4)	(67)
Total comprehensive loss for the period	-	-	-	(63)	-	(22,376)	(22,439)	(1,263)	(23,702)
Contribution by and distributions to equity holders									
Issuance of new shares	15,000	-	-	-	-	-	15,000	-	15,000
Dividend	-	-	-	-	-	-	-	36	36
Acquisition of non-controlling interests without change in control	-	-	-	-	(1,097)	(989)	(2,086)	(914)	(3,000)
Purchase of treasury shares	-	(83)	-	-	-	-	(83)	-	(83)
	15,000	(83)	-	-	(1,097)	(989)	12,831	(878)	11,953
Changes in ownership interest in a subsidiary									
Divestment in a subsidiary	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total transactions with equity holders of the Company	15,000	(83)	-	-	(1,097)	(989)	12,831	(878)	11,953
Balance at 30 June 2020	44,618	(350)	(7,338)	(24)	(32)	12,548	49,422	(813)	48,609

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

Company	Share Capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2018	29,618	(256)	75	16,150	45,587
Profit and total comprehensive income for the period	-	-	-	1,141	1,141
Contribution by and distributions to equity holders					
Dividend	-	-	-	(513)	(513)
Purchase of treasury shares	-	(56)	-	-	(56)
	-	(56)	-	(513)	(569)
Balance at 30 September 2018	29,618	(312)	75	16,778	46,159
Profit and total comprehensive income for the period	-	-	-	118	118
Contribution by and distributions to equity holders					
Purchase of treasury shares	-	(66)	-	-	(66)
	-	(66)	-	-	(66)
Balance at 31 December 2018	29,618	(378)	75	16,896	46,211

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

Company	Share Capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2019	29,618	(378)	75	16,896	46,211
Profit and total comprehensive income for the period	-	-	-	96	96
Contribution by and distributions to equity holders					
Treasury shares reissued pursuant to acquisition of a subsidiary	-	-	-	-	-
Purchase of treasury shares	-	(200)	-	-	(200)
	-	(200)	-	-	(200)
Balance at 31 March 2019	29,618	(578)	75	16,992	46,107
Profit and total comprehensive income for the period	-	-	-	1,083	1,083
Contribution by and distributions to equity holders					
Treasury shares reissued pursuant to acquisition of a subsidiary	-	311	-	-	311
	-	311	-	-	311
Balance at 30 June 2019	29,618	(267)	75	18,075	47,501

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

Company	Share Capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 July 2019	29,618	(267)	75	18,075	47,501
Profit and total comprehensive income for the period	-	-	-	2,414	2,414
Contribution by and distributions to equity holders					
Dividend	-	-	-	(1,197)	(1,197)
	-	-	-	(1,197)	(1,197)
Balance at 31 December 2019	29,618	(267)	75	19,292	48,718
Loss and total comprehensive loss for the period	-	-	-	(9,604)	(9,604)
Contribution by and distributions to equity holders					
Issuance of shares	15,000	-	-	-	15,000
Purchase of treasury shares	-	(83)	-	-	(83)
	15,000	(83)	-	-	14,917
Profit and total comprehensive income for the period	-	-	-	-	-
Balance at 30 June 2020	44,618	(350)	75	9,688	54,031

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

Treasury Shares	Financial Year 2020		Financial Year 2019	
	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares	Issued Ordinary Shares (excluding Treasury Shares)	Treasury Shares
As at 1 July	285,068,122	798,468	285,130,562	736,028
Share buyback during the financial year	(500,000)	500,000	(1,506,900)	1,506,900
Treasury shares reissued pursuant to the acquisition of a subsidiary	-	-	1,444,460	(1,444,460)
Issuance of shares	62,500,000	-	-	-
As at 30 June	347,068,122	1,298,468	285,068,122	798,468
Percentage (%) of treasury shares against total number of shares outstanding as at 30 June		0.4%		0.3%

On 19 February 2020 and 19 June 2020, the Company issued 50,000,000 shares and 12,500,000 shares at an issue price of S\$0.24 for each share respectively.

Warrants	Financial Year 2020	Financial Year 2019
	Warrants	Warrants
As at 1 July	-	-
Warrants issued during the financial year	87,393,365	-
Warrants exercised during the financial year	-	-
Warrants expired during the financial year	(27,500,000)	-
As at 30 June	59,893,365	-
Percentage (%) of warrants against total number of shares outstanding as at 30 June	17.3%	-

Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at their respective exercise prices.

There were no subsidiary holdings and outstanding convertible instrument which may be converted to shares as at 30 June 2020 and 30 June 2019.

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 30.06.20	As at 30.06.19
Number of ordinary shares issued and fully paid	348,366,590	285,866,590
Treasury shares	(1,298,468)	(798,468)
Number of ordinary shares issued and fully paid (excluding treasury shares)	<u>347,068,122</u>	<u>285,068,122</u>

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

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2020.

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

There were no subsidiary holdings.

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

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

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

Not applicable.

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

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 30 June 2019.

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.

The Group has adopted SFRS(I) 16 with effect from 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 30 June 2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group had recognised right-of-use assets of \$7.0 million and lease liabilities of \$3.7 million on 1 July 2019.

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

Earnings per share ("EPS")	Group		Group	
	Six Months Ended		Twelve Months Ended	
	30.06.20	30.06.19	30.06.20	30.06.19
(Loss)/profit attributable to equity holders of the Company (\$'000)	(22,376)	4,630	(19,575)	6,757
Weighted average number of ordinary shares ⁽¹⁾	348,193,002	285,068,122	303,145,907	284,725,505
Basic and diluted EPS based on weighted average number of ordinary shares (cents)⁽²⁾	(6.43)	1.62	(6.46)	2.37

Notes:

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

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 asset value ("NAV")	Group		Company	
	As at 30.06.20	As at 30.06.19	As at 30.06.20	As at 30.06.19
NAV (\$'000)	49,422	57,431	54,031	47,501
Number of ordinary shares	347,068,122	285,068,122	347,068,122	285,068,122
NAV per ordinary share (cents)	14.24	20.15	15.57	16.66

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

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reporting on.

REVIEW OF FINANCIAL PERFORMANCE

Revenue	Group					Group				
	Six Months Ended					Twelve Months Ended				
	30.06.20		30.06.19		Change	30.06.20		30.06.19		Change
	\$'000	%	\$'000	%		\$'000	%	\$'000	%	
R&R ⁽¹⁾	8,431	30.2	17,337	27.3	(51.4)	26,269	28.7	27,258	20.0	(3.6)
A&A ⁽¹⁾	7,888	28.3	22,196	35.0	(64.5)	32,074	35.0	67,674	49.5	(52.6)
C&P ⁽¹⁾	2,919	10.5	7,427	11.7	(60.7)	11,271	12.3	14,350	10.5	(21.5)
Others ⁽²⁾	8,682	31.0	16,508	26.0	(47.4)	22,079	24.0	27,319	20.0	(19.2)
	27,920	100.0	63,468	100.0	(56.0)	91,693	100.0	136,601	100.0	(32.9)

Note:

(1) R&R: Repairs & Redecoration; A&A: Addition & Alteration; C&P: Coating & Painting.

(2) Others included revenue from commercial interior designs, home retrofitting business, landscaping works, leasing service, waterproofing, green solutions business, mechanical & electrical engineering works, project management and handyman service.

Revenue

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

Group revenue decreased by \$35.6 million or 56.0% from \$63.5 million in 6MFY2019 to \$27.9 million in 6MFY2020 and decreased by \$44.9 million or 32.9% from \$136.6 million in FY2019 to \$91.7 million in FY2020.

In 6MFY2020 and FY2020, the revenue contributed by all business segments decreased significantly mainly due to the control measures implemented by the government to tackle the spread of COVID-19 which led to the closure of the Group's project sites since 7 April 2020.

Gross profit and gross profit margin

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's gross profit decreased by \$19.3 million or 167.9% from \$11.5 million in 6MFY2019 to gross loss of \$7.8 million in 6MFY2020 and decreased by \$19.7 million or 91.2% from \$21.6 million in FY2019 to \$1.9 million in FY2020 mainly due to the decline in revenue. Consequently, gross profit margin also declined from 15.8% in FY2019 to 2.1% in FY2020.

Other income

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's other income decreased by \$0.9 million or 33.2% from \$2.7 million in 6MFY2019 to \$1.8 million in 6MFY2020 and decreased by \$0.1 million or 3.7% from \$3.1 million in FY2019 to \$3.0 million in FY2020. The decrease was mainly due to the decrease in fair value gain on investment in securities which were partially offset by the increased in government grants and bargain purchase from acquisition of a business.

Marketing and distribution expenses

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's marketing and distribution expenses decreased by \$0.1 million or 21.9% from \$0.5 million in 6MFY2019 to \$0.4 million in 6MFY2020 and decreased by \$0.3 million or 24.7% from \$1.2 million in FY2019 to \$0.9 million in FY2020. The decrease was mainly due to lower in motor vehicle related expenses.

General and administrative expenses

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's general and administrative expenses increased by \$2.8 million or 35.0% from \$7.9 million in 6MFY2019 to \$10.7 million in 6MFY2020 and increased by \$2.5 million or 17.3% from \$14.7 million in FY2019 to \$17.3 million in FY2020. The increase was mainly attributed to the allowance for impairment on trade receivables and professional fees on acquisition of subsidiaries and assets.

Finance costs

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's finance costs increased by \$0.3 million or 41.4% from \$0.6 million in 6MFY2019 to \$0.9 million in 6MFY2020 and increased by \$0.6 million or 58.2% from \$1.2 million in FY2019 to \$1.8 million in FY2020. This was mainly attributed to an increase in borrowings for working capital needs for certain sizable projects.

Other operating expenses

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's other operating expenses increased by \$6.0 million from \$0.2 million in 6MFY2019 to \$6.2 million in 6MFY2020 and increased by \$6.0 million from \$0.4 million in FY2019 to \$6.4 million in FY2020. The increase was mainly attributable to impairment of goodwill and contract assets.

(Loss)/profit before tax

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

As a result of the above, the Group recorded a profit before tax of \$4.9 million in 6MFY2019 and \$7.3 million in FY2019 as compared to a loss before tax of \$24.3 million in 6MFY2020 and loss before tax of \$21.7 million in FY2020. The Pure Group entities attributed a net loss after tax of approximately S\$ 0.5 million to the Group's performance in FY2020.

Tax expenses

6MFY2020 vs 6MFY2019 and FY2020 vs FY2019

The Group's tax expenses decreased by \$1.0 million or 297.7% from \$0.3 million tax expense in 6MFY2019 to \$0.7 million tax credit in 6MFY2020 and decreased by \$1.1 million or 116.8% from \$1.0 million tax expense in FY2019 to \$0.1 million tax credit in FY2020. The decrease was mainly due to overprovision of income tax expense in prior year.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets increased by \$5.0 million or 11.3% from \$44.0 million as at 30 June 2019 to \$49.0 million as at 30 June 2020, mainly due to the capitalisation of goodwill as a result of the acquisition of subsidiaries.

Current assets

The decreased in current assets of \$8.1 million or 10.3% from \$78.9 million as at 30 June 2019 to \$70.8 million as at 30 June 2020 was mainly due to the decrease in contract assets and trade and other receivables offset by the increased in cash and bank balances.

The decreased in contract assets was mainly due to contract fulfilment and the issuance of invoices to customers.

Non-current liabilities

There were no material changes in non-current liabilities during the financial year under review.

Current liabilities

The increase in current liabilities of \$7.8 million or 15.5% from \$49.8 million as at 30 June 2019 to \$57.6 million as at 30 June 2020 was mainly due to the increase in bank borrowings, trade and other payables and contract liabilities.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash generated from operating activities

6MFY2020

Net cash generated from operating activities amounted to \$10.5 million in 6MFY2020 which was mainly due to decreased in contract assets and trade and other receivables which were offset by decreased in operating cash flow before changes in working capital and trade and other payables.

FY2020

Net cash generated from operating activities amounted to \$9.8 million in FY2020 which was mainly due to decreased in contract assets, trade and other receivables, inventories and increase in trade and other payables which was offset by the decreased in operating cash flow before changes in working capital.

REVIEW OF STATEMENT OF CASH FLOWS – Cont'd

Net cash used in investing activities

6MFY2020 and FY2020

Net cash used in investing activities amounted to \$11.8 million in 6MFY2020 and \$12.1 million in FY2020 mainly due to the purchase of property, plant and equipment and the acquisition of subsidiaries.

Net cash generated from financing activities

6MFY2020 and FY2020

Net cash generated from financing activities of \$8.0 million in 6MFY2020 and \$6.0 million in FY2020 was mainly due to proceeds from issuance of ordinary shares, drawdown of bank borrowings which were partially offset by repayment of bank borrowings and lease liabilities.

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

Further to the Company's announcement dated 28 October 2020 in relation to the update on profit guarantee arising from the acquisition of Pure Group entities, the Board wishes to inform that the Pure Group entities have incurred a net loss after tax of approximately \$0.5 million and hence, the profit target of \$3 million for FY2020 has not been achieved. The profit target has not been achieved due to the adverse impact of COVID-19 which led to the cancellation and/or deferment of projects by its customers.

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 Ministry of Trade and Industry Singapore has on 14 July 2020 released a press release, stating that the Singapore economy contracted by 12.6% in the second quarter of 2020 year-on-year ("yoy") due to the Singapore Circuit Breaker measures implemented to contain the spread of COVID-19. The construction sector contracted by 54.7% in the second quarter yoy, a significant deterioration from the 1.1% decline in the previous quarter.

As at the date of this announcement, although the Group has been granted approval by the relevant authorities to resume its activities at its construction sites and factories, the pace of work resumption remains slow due to additional/stringent safety and health requirements on manpower, including swab tests to be conducted, clearance at dormitories to be secured prior to granting of permits to allow the manpower to report to work. In this regard, the Group expects its construction segment will progress and the cost for its existing projects to be affected in the near term. The Group is cognizant of the current situation and will take all necessary steps to fulfil its order book, which remains intact, as and when the situation permits in accordance with all applicable regulations and directives.

Despite the challenging operating environment, the Group has secured projects worth approximately \$53.4 million in aggregate as announced on 12 June 2020 and 27 August 2020. These latest projects have boosted the Group's order book as at 30 September 2020 to \$165.7 million, which is expected to be delivered largely over next two years. However, the execution of these new projects is subject to the implementation and compliance of additional safety measures and policies as mentioned above.

The Group will endeavour to manage its liquidity prudently and focus on exploring business opportunities within its core business to improve efficiency. Management will continue to closely monitor and minimize any exposure to risks during this period.

11 Dividend**(a) Dividend declared (recommended) for the current financial year reported on**

No dividend to be declared.

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

A final tax-exempt (one-tier) dividend of 0.42 cent per ordinary share was declared in respect of FY2019.

12 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.

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

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

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

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

15 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.

FY 2020	R&R \$’000	A&A \$’000	C&P \$’000	Others \$’000	Total \$’000
Segment revenue	26,269	32,074	11,271	22,079	91,693
Segment profit/(loss)	101	(2,592)	212	(6,507)	(8,786)
Depreciation and amortisation					(5,317)
Other non-cash expense					(5,708)
Interest income					73
Finance costs					(1,842)
Share of results of associate					(70)
Loss before tax					(21,650)
Segment assets	10,052	15,716	5,191	32,377	63,336
Unallocated assets					56,493
Total assets					119,829
Segment liabilities	2,135	5,060	37	13,842	21,074
Unallocated liabilities					50,146
Total liabilities					71,220

FY 2019	R&R	A&A	C&P	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	27,258	67,674	14,350	27,319	136,601
Segment profit	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

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.

16 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.

17. A breakdown of sales.

	Group		Change
	30.06.20	30.06.19	
	\$'000	\$'000	%
Sales reported for first half year	63,773	73,133	(12.8)
Operating profit after tax before deducting non-controlling interest reported for first half year	2,145	1,748	(22.7)
Sales reported for second half year	27,920	63,468	(56.0)
Operating (loss)/profit after tax before deducting non-controlling interest reported for second half year	(23,635)	4,555	N/M

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

18 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	FY2020 \$'000	FY2019 S'000
Ordinary shares	-	513

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
30 October 2020

Anthony Koh Thong Huat
CEO

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.