



SOILBUILD
CONSTRUCTION GROUP LTD.
SOILBUILD CONSTRUCTION GROUP LTD.
(Co Reg No. 201301440Z)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Second Quarter Ended			Half Year Ended		
	30 June		Change	30 June		Change
	2014	2013		2014	2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	67,720	67,895	(0)	155,068	135,990	14
Cost of sales	(59,542)	(61,330)	(3)	(140,564)	(123,408)	14
Gross profit	8,178	6,565	25	14,504	12,582	15
Other income	292	148	97	613	196	213
Other (losses)/gains, net	(2)	-	NM	3	-	NM
Expenses						
Administrative	(2,152)	(2,003)	7	(4,127)	(3,829)	8
Marketing	-	(1)	(100)	(8)	(1)	700
Finance	-	(25)	(100)	-	(57)	(100)
Other operating	(151)	(123)	23	(306)	(225)	36
Share of (loss)/profit (net of tax) of joint ventures	(21)	2,094	(101)	221	2,416	(91)
Profit before income tax	6,144	6,655	(8)	10,900	11,082	(2)
Income tax expense	(907)	(774)	17	(1,795)	(1,473)	22
Net profit	5,237	5,881	(11)	9,105	9,609	(5)
Other comprehensive income, net of tax	1	-	NM	1	-	NM
Total comprehensive income	5,238	5,881	(11)	9,106	9,609	(5)
Net profit and total comprehensive income attributable to:						
Equity holders of the Company	5,238	5,881	(11)	9,106	9,609	(5)

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	Second Quarter Ended		Half Year Ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
(l) Other income				
Interest income	77	14	147	14
Service income	46	30	84	63
Rental income	80	10	162	20
Others	89	94	220	99
	292	148	613	196

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the consolidated statement of comprehensive income (continued)

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
(II) Other (losses)/gains, net				
Gain on disposal of property, plant and equipment, net	-	-	5	-
Foreign exchange loss	(2)	-	(2)	-
	<u>(2)</u>	<u>-</u>	<u>3</u>	<u>-</u>
(III) Profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(5)	(5)	(10)	(8)
Depreciation of property, plant and equipment	(515)	(257)	(969)	(507)
Gain on disposal of property, plant and equipment, net	-	-	5	-
Share issue expenses	-	(293)	-	(889)
	<u>-</u>	<u>(293)</u>	<u>-</u>	<u>(889)</u>
(IV) Finance expenses				
Interest expenses				
- Bank loans	-	(10)	-	(32)
- Finance lease liabilities	-	(15)	-	(25)
	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>(57)</u>
(V) Income tax expense				
Tax expense attributable to profit is made up of :				
Profit from current financial period:				
- current income tax	(907)	(774)	(1,802)	(1,307)
- deferred income tax	-	-	-	(166)
	<u>(907)</u>	<u>(774)</u>	<u>(1,802)</u>	<u>(1,473)</u>
(Under)/over-provision in prior financial period:				
- current income tax	-	-	(127)	-
- deferred income tax	-	-	134	-
	<u>(907)</u>	<u>(774)</u>	<u>(1,795)</u>	<u>(1,473)</u>

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1(b)(i) 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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/6/2014 S\$'000	31/12/2013 S\$'000	30/6/2014 S\$'000	31/12/2013 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	54,547	75,956	33,325	30,927
Trade and other receivables	51,756	55,890	10,203	20,707
Other current assets	1,056	2,752	22	17
	<u>107,359</u>	<u>134,598</u>	<u>43,550</u>	<u>51,651</u>
Non-current assets				
Trade and other receivables	15,028	12,459	-	-
Other non-current assets	10,000	-	-	-
Investments in subsidiaries	-	-	19,770	17,270
Investment in joint ventures	2,601	3,026	-	-
Property, plant and equipment	13,004	11,377	-	-
Intangible assets	64	74	-	-
	<u>40,697</u>	<u>26,936</u>	<u>19,770</u>	<u>17,270</u>
Total assets	<u>148,056</u>	<u>161,534</u>	<u>63,320</u>	<u>68,921</u>
LIABILITIES				
Current liabilities				
Trade and other payables	67,022	83,168	825	1,833
Current income tax liabilities	3,521	3,376	-	10
Provision for other liabilities	1,192	1,001	-	-
	<u>71,735</u>	<u>87,545</u>	<u>825</u>	<u>1,843</u>
Non-current liabilities				
Deferred income tax liabilities	719	853	-	-
Total liabilities	<u>72,454</u>	<u>88,398</u>	<u>825</u>	<u>1,843</u>
NET ASSETS	<u>75,602</u>	<u>73,136</u>	<u>62,495</u>	<u>67,078</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	57,490	57,490	57,490	57,490
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	-	(1)	-	-
Retained profits	19,182	16,717	5,005	9,588
TOTAL EQUITY	<u>75,602</u>	<u>73,136</u>	<u>62,495</u>	<u>67,078</u>

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1(b)(i) 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.

Total assets decreased by S\$13.4 million from S\$161.5 million as at 31 December 2013 to S\$148.1 million as at 30 June 2014, which arose mainly from:

- (1) Decrease in cash and cash equivalents of S\$21.4 million as explained in the Consolidated Statement of Cash Flows.
- (2) Decrease in current trade and other receivables of S\$4.1 million was mainly attributable to receipts from a project with a related party which has obtained its temporary occupation permit in June 2014.
- (3) Decrease in other current assets of S\$1.7 million which was mainly due to the reclassification of S\$1.6 million of deposits for purchase of cranes to property, plant and equipment upon the delivery of the cranes to our worksite.
- (4) Decrease in investment in joint ventures of S\$0.4 million mainly due to the receipt of dividend income amounted to S\$0.6 million from a joint venture, partially offset by S\$0.2 million share of profit from joint ventures in 1HFY2014.

The decrease in total assets was partially offset by the increase in the following categories of assets during the period under review:

- (1) Increase in non-current other assets of S\$10.0 million pertaining to a security deposit paid to a customer for a construction project.
- (2) Increase in non-current trade and other receivables, which comprised mainly of non-current retention receivable of S\$2.6 million. The increase in non-current retention receivable was due to the accumulation of retention for on-going projects as the projects progress.
- (3) Increase in property, plant and equipment of S\$1.6 million due to additions to property, plant and equipment of S\$2.6 million, partially offset by depreciation charge of S\$1.0 million.

Total liabilities decreased from S\$88.4 million as at 31 December 2013 to S\$72.5 million as at 30 June 2014 which was mainly due to the decrease in trade and other payables of S\$16.1 million. The decrease in trade and other payables was mainly attributed to the payments made to sub-contractors during 1HFY2014.

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

Amount repayable in one year or less, or on demand

Not applicable as there were no borrowings and debt securities as at 30 June 2014 and 31 December 2013.

Details of any collaterals

Not applicable as there were no borrowings and debt securities as at 30 June 2014 and 31 December 2013.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Net profit	5,237	5,881	9,105	9,609
Adjustments for:				
- Amortisation and depreciation	520	262	979	515
- Finance expenses	-	25	-	57
- Interest income	(77)	(14)	(147)	(14)
- Income tax expense	907	774	1,795	1,473
- Share issue expenses	-	293	-	889
- Gain on disposal of property, plant and equipment, net	-	-	(5)	-
- Share of loss/(profit) of joint ventures	21	(2,094)	(221)	(2,416)
Operating cash flows before working capital changes	6,608	5,127	11,506	10,113
Changes in working capital				
- Trade and other receivables	(551)	9,161	1,565	9,148
- Other current assets	65	(98)	1,696	(414)
- Other non-current assets	(10,000)	-	(10,000)	-
- Trade and other payables	(4,425)	(3,882)	(16,146)	(8,474)
- Provision for other liabilities	557	(323)	191	113
Cash (used in)/generated from operations	(7,746)	9,985	(11,188)	10,486
Income tax paid	(1,720)	(1,763)	(1,784)	(1,922)
Net cash (used in)/provided by operating activities	(9,466)	8,222	(12,972)	8,564
Cash flows from investing activities				
Purchases of property, plant and equipment	(721)	(150)	(2,596)	(943)
Purchases of intangible assets	-	(11)	-	(45)
Proceeds from sale of property, plant and equipment	-	1	5	1
Proceeds from sale of investment property	-	280	-	2,466
Dividend received from a joint venture	-	1,187	646	1,187
Interest received	77	14	147	14
Net cash (used in)/provided by investing activities	(644)	1,321	(1,798)	2,680
Cash flows from financing activities				
Proceeds from issuance of shares	-	42,000	-	42,000
Share issue expenses	-	(1,373)	-	(1,969)
Repayment of bank loans	-	(1,077)	-	(1,338)
Repayments of finance lease liabilities	-	(156)	-	(254)
Dividends paid to equity holders of the Company	(6,640)	(4,000)	(6,640)	(4,000)
Interest paid	-	(25)	-	(57)
Net cash used in/(provided by) financing activities	(6,640)	35,369	(6,640)	34,382
Net (decrease)/increase in cash and cash equivalents	(16,750)	44,912	(21,410)	45,626
Cash and cash equivalents at beginning of financial period	71,296	5,981	75,956	5,267
Effects of currency translation on cash and cash equivalents	1	-	1	-
Cash and cash equivalents at end of financial period	54,547	50,893	54,547	50,893

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

Cash at bank and on hand	54,547	50,893	54,547	50,893
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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

Operating Activities

For the second quarter ended 30 June 2014 ("2QFY2014"), the net cash outflow from operating activities amounted to S\$9.5 million as compared to net cash inflow of S\$8.2 million in the comparative quarter. The cash outflow from operating activities in 2QFY2014 was mainly attributed to changes in working capital for trade and other payables which has decreased by S\$4.4 million in 2QFY2014 due to payment of progress claims to sub-contractors, as well as the increase in other non-current assets of S\$10.0 million in 2QFY2014 as explained in 1(b)(i).

For the half year ended 30 June 2014 ("1HFY2014"), the net cash outflow from operating activities amounted to S\$13.0 million as compared to the net cash inflow of S\$8.6 million in the comparative quarter due to the decrease in trade and other payables and increase in other non-current assets as explained above.

Investing Activities

For 2QFY2014, cash outflow from investing activities of S\$0.6 million was mainly attributed to the purchases of property, plant and equipment amounted to S\$0.7 million, which was partially offset by interest income received amounted to S\$0.1 million.

For 1HFY2014, the cash outflow from investing activities of S\$1.8 million was mainly attributed by the purchases of property, plant and equipment amounting to S\$2.6 million, partially offset by dividend received from our joint venture - Solstice Development Pte Ltd which amounted to S\$0.6 million.

Financing Activities

For 2QFY2014 and 1HFY2014, the cash outflow from financing activities was due to payment of dividend of S\$6.6 million.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

- 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.

STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Capital Reserve	Currency Translation Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	57,490	(1,070)	(1)	16,717	73,136
Total comprehensive income for the period	-	-	-	3,868	3,868
Balance as at 31 March 2014	57,490	(1,070)	(1)	20,585	77,004
Dividends relating to 2013 paid	-	-	-	(6,640)	(6,640)
Total comprehensive income for the period	-	-	1	5,237	5,238
Balance as at 30 June 2014	57,490	(1,070)	-	19,182	75,602
Balance as at 1 January 2013	15,500	-	-	-	15,500
Total comprehensive income for the period	-	-	-	3,728	3,728
Balance as at 31 March 2013	15,500	-	-	3,728	19,228
Share swap pursuant to the Restructuring Exercise ¹	(15,500)	-	-	-	(15,500)
Issuance of shares pursuant to the Restructuring ¹	16,570	(1,070)	-	-	15,500
Issuance of new shares pursuant to the IPO	42,000	-	-	-	42,000
Share issue expenses	(1,080)	-	-	-	(1,080)
Dividends relating to 2013 paid ²	-	-	-	(4,000)	(4,000)
Total comprehensive income for the period	-	-	-	5,881	5,881
Balance as at 30 June 2013	57,490	(1,070)	-	5,609	62,029

Company	Share Capital	Retained Profits/ (accumulated losses)	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	57,490	9,588	67,078
Total comprehensive loss for the period	-	(690)	(690)
Balance as at 31 March 2014	57,490	8,898	66,388
Dividends relating to 2013 paid	-	(6,640)	(6,640)
Total comprehensive income for the period	-	2,747	2,747
Balance as at 30 June 2014	57,490	5,005	62,495
Balance as at date of incorporation on 14 January 2013³	-	-	-
Total comprehensive loss for the period	-	(405)	(405)
Balance as at 31 March 2013	-	(405)	(405)
Issuance of shares pursuant to the Restructuring ¹	16,570	-	16,570
Issuance of new shares pursuant to the IPO	42,000	-	42,000
Share issue expense	(1,080)	-	(1,080)
Total comprehensive income for the period	-	3,795	3,795
Balance as at 30 June 2013	57,490	3,390	60,880

Note:

¹ On 6 May 2013, 15,499,999 shares were issued to the Company's immediate holding company, Soilbuild Group Holdings Ltd. ("SBGH") as consideration for the sale by SBGH of the entire issued ordinary shares in the capital of each of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. to the Company. Pursuant to the Restructuring, the Company's issued and paid-up capital was increased to approximately S\$16.6 million, comprising 15,500,000 ordinary shares, of which one ordinary share was paid-up in cash and the remaining 15,499,999 shares were paid up with assets other than cash.

² As disclosed in the Company's prospectus dated 17 May 2013 (the "Prospectus"), on 26 April 2013, our subsidiaries, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd., paid an interim dividend of S\$4.0 million in aggregate to SBGH. This was not reflected in the statement of changes in equity of the Company as the dividends were paid before the Restructuring.

³ Issued and paid up capital as at the date of incorporation of Soilbuild Construction Group Ltd was S\$1.00 comprising of one ordinary share.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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

During 2QFY2014, no shares were issued or acquired by the Company. The share capital of the Company as at 30 June 2014 comprised 664,000,000 ordinary shares (31 December 2013 : 664,000,000 ordinary share).

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2014.

- 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.**

The share capital of the Company as at 30 June 2014 comprised 664,000,000 ordinary shares (31 December 2013 : 664,000,000 ordinary shares).

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

There were no treasury shares as at 30 June 2014.

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

The figures have not been audited or reviewed.

- 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those for the audited financial statements as at 31 December 2013.

- 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 all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2014. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

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 dividend :-

- (a) Based on the weighted average number of ordinary shares in issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings per share (EPS)	Group			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2014	2013	2014	2013
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.79	1.04	1.37	1.81
- Weighted average number of ordinary shares ('000)	664,000	566,933	664,000	531,467
(b) On a fully diluted basis (cents per share)	0.79	1.04	1.37	1.81
- Adjusted weighted average number of ordinary shares ('000)	664,000	566,933	664,000	531,467

(a) Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period. The weighted average number of shares has been adjusted for the Share Split (as mentioned in the Prospectus), as if the Share Split had occurred at the beginning of the respective periods.

(b) There are no ordinary shares with potential dilutive effects. Accordingly, there are no adjustments made for the weighted average number of shares.

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) preceding financial year.**

	Group		Company	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period				
Net asset value per ordinary share (cents)	11.39	11.01	9.41	10.10
Total number of shares in issue ('000)	664,000	664,000	664,000	664,000

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

- 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, cost, 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 reported on.

(a) **2QFY2014 vs 2QFY2013**

For 2QFY2014, the Group achieved a net profit of S\$5.2 million compared to net profit of S\$5.9 million reported in the comparative quarter.

Revenue & Gross Profit

For the period under review, the Group's revenue declined marginally by 0.3% from S\$67.9 million in 2QFY2013 to S\$67.7 million in 2QFY2014, while the gross profit increased by 24.6% from S\$6.6 million in 2QFY2013 to S\$8.2 million in 2QFY2014.

The major revenue contributors in 2QFY2014 were:

- Lavender project (mixed use development at Lavender Street/Kallang Avenue);
- Tampines HDB project (public housing development at Tampines Central 7/Tampines Concourse);
- Mandai Connection project (ramp-up industrial development at Mandai Link);
- Bukit Batok BizHub project (industrial development at Bukit Batok Street 23); and
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51).

Gross profit margin grew from 9.7% in 2QFY2013 to 12.1% in 2QFY2014. The higher gross profit margin in 2QFY2014 is mainly due to revenue recognised on variation orders for various projects.

Other Income

Other income increased by S\$0.1 million mainly due to the increase in rental income and interest income from interest-bearing bank deposits.

Other losses

Other losses of S\$2k in 2QFY2014 were mainly due to foreign exchange loss.

Administrative Expenses

Administrative expenses increased by S\$0.2 million from S\$2.0 million in 2QFY2013 to S\$2.2 million in 2QFY2014 mainly due to the increase in staff salaries, directors' remuneration, rental expense and staff training expenses following the expansion of the Group's operations, partially offset by the absence of IPO expenses in 2QFY2014 which amounted to S\$0.3 million in 2QFY2013.

Finance Expenses

Finance expenses reduced from S\$25k in 2QFY2013 to S\$Nil in 2QFY2014 as a result of the full repayment of the Group's borrowings in 2QFY2013.

Other Operating Expenses

The increase in other operating expenses in 2QFY2014 was mainly due to higher travelling expenses which resulted from the Group's expansion of businesses to other Asian countries including Myanmar.

Share of (loss)/ profit of Joint Ventures

The Group recognised a loss of S\$21k in the share of (loss)/profit of its joint ventures in 2QFY2014 as compared to a gain of S\$2.1 million in the comparative period mainly due to the completion of the Solstice project undertaken by our joint venture, Solstice Development Pte Ltd in 2QFY2013.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

YTD 1HFY2014 vs YTD 1HFY2013

For 1HFY2014, the Group achieved a net profit of S\$9.1 million compared to net profit of S\$9.6 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue increased by 14.0% from S\$136.0 million in 1HFY2013 to S\$155.1 million in 1HFY2014, while the gross profit increased by 15.3% from S\$12.6 million in 1HFY2013 to S\$14.5 million in 1HFY2014.

The increase was contributed mainly from revenue and gross profits recognised in line with the progress of the following construction projects:

- Mandai Connection project (ramp-up industrial development at Mandai Link);
- Bukit Batok BizHub project (industrial development at Bukit Batok Street 23);
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51); and
- Northview BizHub project (industrial development at Yishun Avenue 9).

This was partially offset by the absence of revenue from projects completed in FY2013 and lower revenue contributions from projects that were at the tail-end of the construction phase during 1HFY2014 such as the Tampines HDB project and Angullia Park project.

Gross profit margin grew marginally from 9.3% in 1HFY2013 to 9.4% in 1HFY2014. The higher gross profit margin in 1HFY2014 is mainly due to revenue recognised on variation orders for various projects.

Other Income

Other income increased by S\$0.4 million mainly due to the increase in rental income, interest income from interest-bearing bank deposits, service income and receipts from the wage credit scheme.

Other gains

Other gains increased by S\$3k in 1HFY2014 due to a gain on disposal of property, plant and equipment of S\$5k, partially offset by foreign exchange loss of S\$2k.

Administrative Expenses

Administrative expenses increased by S\$0.3 million from S\$3.8 million in 1HFY2013 to S\$4.1 million in 1HFY2014 which was mainly due to the increase in staff salaries, directors' remuneration, rental expense and staff training expenses following the expansion of the Group's operations, partially offset by the absence of IPO expenses in 1HFY2014 which amounted to S\$0.9 million in 1HFY2013.

Finance Expenses

Finance expenses reduced from S\$57k in 1HFY2013 to S\$Nil in 1HFY2014 as a result of the full repayment of the Group's borrowings in 2QFY2013.

Other Operating Expenses

The increase in other operating expenses in 1HFY2014 was mainly due to higher travelling expenses which resulted from the Group's expansion of businesses to other Asian countries including Myanmar as well as the increase in motor vehicle expenses.

Share of Profit of Joint Ventures

The Group recognised S\$0.2 million in share of profit of its joint ventures in 1HFY2014 as compared to a gain of S\$2.4 million in the comparative period mainly due to the completion of the Solstice project undertaken by our joint venture, Solstice Development Pte Ltd in 2QFY2013.

Income tax expense

After adjusting for the Group's share of profits of joint ventures, which is reported net of tax, the Group's tax expenses for the current and comparative period are in line with the Singapore statutory corporate tax rate of 17%.

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

There is no material deviation in the actual results for the 2QFY2014 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 31 March 2014.

10 A commentary at the date of 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.

Based on the advance estimates released by the Ministry of Trade and Industry Singapore on 14 July 2014, the Singapore economy grew by 2.1% on a year-on-year basis in the second quarter of 2014, slower than the 4.7% in the preceding quarter. The construction sector grew by 5.0% on a year-on-year basis, compared to the 6.4% growth recorded in the preceding quarter. The lower rate of growth was due to a slowdown in private sector construction activities.

Subsequent to the results announcement for the previous quarter ended 31 March 2014 on 30 April 2014, the Group had secured 3 construction projects comprising: (i) a general industrial development project with contract sum of S\$175.5 million (ii) a distribution center project with contract sum of S\$38.6 million and (iii) a Housing Development Board building work contract at Yishun Neighbourhood for 1,294 dwelling units with contract sum of S\$168.4 million as well as 1 project management contract for a third party client in Myanmar. The Group's order book as of the date of this announcement amounted to S\$676.9 million, which the Group expects to complete substantially in the next 24 months.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend:	Interim (one-tier)
Dividend Type:	Cash
Dividend Amount per share:	S\$0.005
Tax Rate:	Tax-exempt

(b) Corresponding period of the immediately preceding financial year

Name of dividend:	Interim (one-tier)
Dividend Type:	Cash
Dividend Amount per share:	S\$0.005
Tax Rate:	Tax-exempt

(c) The date the dividend is payable

22 August 2014

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Book and the Register of Members of the Company will be closed on 18 August 2014 for the purpose of determining members' entitlements to the interim (tax exempt one-tier) dividend of 0.50 Singapore cents per share for the financial period ending 31 December 2014 ("Interim Dividend").

Duly completed registrable transfers in respect of Ordinary Shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road #02-00, Singapore 068898, up to 5.00 p.m. on 15 August 2014 (the "Book Closure Date") will be registered to determine members' entitlement to the Interim Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 pm on the Book Closure Date will be entitled to the Interim Dividend. The interim dividend will be paid to the members on 22 August 2014.

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

Not applicable.

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13 Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
<u>Transactions during 2QFY2014</u>		
<u>Soilbuild Group Holdings Ltd.</u>		
Rental of premises	-	181
<u>PLC 8 Development Pte Ltd</u>		
Recharge of utilities	125	-

14 Use of IPO Proceeds

Pursuant to the IPO on 27 May 2013, the Company received net proceeds from the issue of the new shares of approximately S\$39.4 million after deducting the actual issue expenses of S\$2.6 million, as set out below. The utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount Allocated S\$'000	Amount Used As At 30 June 2014 S\$'000	Amount Unused As At 30 June 2014 S\$'000
Investment in productivity improvements	Up to 10,000	7,500	2,500
Expansion of construction business to certain countries in Asia	Up to 5,000	600	4,400
Working capital purposes	24,400	15,800	8,600
	39,400	23,900	15,500

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. Pending the utilisation of the net proceeds as stated above, the unutilised amount may be placed in short-term deposits with banks and financial institutions or invested in money market instruments.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited second quarter financial statements for the period ended 30 June 2014 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Executive Director

31 July 2014

The initial public offering of the Company was sponsored by United Overseas Bank Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this Announcement.