



**MEDIA STATEMENT**

**Soilbuild Construction posts stable net profit of S\$5.2 mil in 2QFY2014 despite absence of S\$2.1 mil development profit from a joint venture**

- Revenue remains steady at S\$67.7 million while gross profit margin rose from 9.7% to 12.1% due to improvement in construction margin
- Order book of S\$676.9 million to date, expected to be completed substantially over next 24 months
- Announces an interim dividend of 0.5 Singapore cents per share

**Singapore, 31 July 2014** – Soilbuild Construction Group Ltd. (“The Group” or “Soilbuild”), a BCA A1-graded construction group with over 37 years of experience, announced today that for the second quarter ended 30 June 2014 (“2QFY2014”), its revenue recorded a marginal year-on-year (“yoy”) decrease of S\$0.2 million or 0.3% to S\$67.7 million. The net profit of the Group for 2QFY2014 fell by S\$0.7 million or 11.0% to S\$5.2 million, due mainly to absence of share of profit of joint venture in 2QFY2014, which amounted to S\$2.1 million for 2QFY2013, contributed by the completion of Solstice project in 2013.

<b>GROUP'S FINANCIAL HIGHLIGHTS</b>			
<b>S\$' 000</b>	<b>2Q2014</b>	<b>2Q2013</b>	<b>Change (%)</b>
<b>Revenue</b>	67,720	67,895	(0.3)
<b>Gross Profit</b>	8,178	6,565	24.6
<b>Net profit</b>	5,237	5,881	(11.0)

“Excluding the impact of the absence of the development profit in 2QFY2014, the Group’s operating performance has improved with an increase in gross profit by 24.6%. Moving forward, we will focus our strategy on improving our project mix to include more value-added construction projects. In addition, the Board of Directors is pleased to announce an interim dividend of 0.5 Singapore cents per share to reward shareholders for their support.”

**Mr Ho Toon Bah**

**Executive Director of Soilbuild Construction Group**

*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 Media Statement.*

## **Financial Review**

The Group's main revenue contributors for 2QFY2014 were from five construction projects: Lavender Project, Tampines HDB project, Ang Mo Kio HDB project, Bukit Batok BizHub Project and Mandai Connection Project.

While revenue for the quarter remained stable, gross profit and gross profit margin both saw a rise in 2QFY2014. Gross profit increased by 24.6% yoy from S\$6.6 million to S\$8.2 million in 2QFY2014 while gross profit margin increased from 9.7% to 12.1% in the same quarter. This is mainly due to revenue recognised on variation orders for various projects undertaken by the Group in 2QFY2014.

Administrative expenses rose by S\$0.2 million to S\$2.2 million in 2QFY2014 attributable to the increase in staff salaries, directors' remuneration, rental expense and staff training expenses due to the expansion of the Group's operations. The increase in administrative expenses were partially offset by the absence of IPO expenses in 2QFY2014 which had amounted to S\$0.3 million in 2QFY2013.

## **Outlook**

Ministry of Trade and Industry Singapore released advanced estimates on 14 July 2014 stating that the Singapore economy has grown 2.1% on a year-on-year ("yoy") basis in the second quarter of 2014, as compared to 4.7% in the previous quarter. The construction sector grew by 5.0% on a yoy basis, compared to 6.4% in the preceding quarter largely due to a slowdown in private sector construction activities.

Mr Ho added, "We are pleased to have secured 3 construction projects totalling \$382.5 million comprising an industrial and a distribution center project with contract sums of S\$175.5 million and S\$38.6 million respectively, as well as a HDB contract with contract sum of S\$168.4 million, within this quarter. These three new contracts bring the Group's order book to S\$676.9 million as of 31 July 2014.

Our successful bids for these contracts demonstrate the Group's perseverance and resilience despite industry wide challenges. We hope to gain further momentum in the second half of the year and seek additional prospects within Singapore and other parts of Asia."

**The End**

### **About Soilbuild Construction Group Ltd.:**

Soilbuild Construction is a general construction company with over 37 years of experience during which the Group has handled a wide range of projects, from residential buildings to conservation houses, schools, churches, industrial buildings and business parks. Soil-Build (Pte.) Ltd. (Soil-Build), a subsidiary of the Group, is graded A1 by Singapore's Building and Construction Authority, and has acted as the main contractor for projects which have won architectural and environmental awards over the years.

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