



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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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

	First Quarter Ended 31 March		Change %
	2015 S\$'000	2014 S\$'000	
Revenue	70,419	87,348	(19)
Cost of sales	(63,097)	(81,022)	(22)
Gross profit	7,322	6,326	16
Other income	568	321	77
Other gains, net	148	5	2,860
Expenses			
Administrative	(2,497)	(1,975)	26
Marketing	(2)	(8)	(75)
Finance	-	-	-
Other operating	(170)	(155)	10
Share of profit (net of tax) of joint ventures	18	242	(93)
Profit before income tax	5,387	4,756	13
Income tax expense	(956)	(888)	8
Net profit	4,431	3,868	15
Other comprehensive income, net of tax	30	-	NM
Total comprehensive income	4,461	3,868	15
Net profit and total comprehensive income attributable to:			
Equity holders of the Company	4,461	3,868	15

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	First Quarter Ended 31 March	
	2015 S\$'000	2014 S\$'000
(I) Other income		
Interest income	83	70
Service income	44	38
Rental income	87	82
Others	354	131
	568	321

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Notes to the consolidated statement of comprehensive income (continued)

	First Quarter Ended 31 March	
	2015	2014
	S\$'000	S\$'000
(II) Other gains, net		
Gain on disposal of property, plant and equipment	<u>148</u>	<u>5</u>
(III) Profit before income tax is arrived at after (charging)/crediting:		
Amortisation of intangible assets	(12)	(5)
Depreciation of property, plant and equipment	(604)	(454)
Gain on disposal of property, plant and equipment	<u>148</u>	<u>5</u>
(IV) Income tax expense		
Tax expense attributable to profit is made up of :		
Profit from current financial period:		
- current income tax	(956)	(895)
- deferred income tax	<u>-</u>	<u>-</u>
	(956)	(895)
(Under)/over-provision in prior financial period:		
- current income tax	-	(127)
- deferred income tax	<u>-</u>	<u>134</u>
	<u>(956)</u>	<u>(888)</u>

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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	
	31/03/2015 S\$'000	31/12/2014 S\$'000	31/03/2015 S\$'000	31/12/2014 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	50,977	51,247	30,097	28,073
Trade and other receivables	76,079	72,395	19,430	22,936
Other current assets	2,355	1,250	103	18
	<u>129,411</u>	<u>124,892</u>	<u>49,630</u>	<u>51,027</u>
Non-current assets				
Trade and other receivables	19,609	16,800	-	-
Other non-current assets	10,000	10,000	-	-
Investments in subsidiaries	-	-	19,770	19,770
Investments in joint ventures	2,734	2,716	-	-
Property, plant and equipment	15,221	13,664	-	-
Intangible assets	167	179	-	-
	<u>47,731</u>	<u>43,359</u>	<u>19,770</u>	<u>19,770</u>
Total assets	<u>177,142</u>	<u>168,251</u>	<u>69,400</u>	<u>70,797</u>
LIABILITIES				
Current liabilities				
Trade and other payables	81,954	78,761	610	1,619
Current income tax liabilities	3,914	3,167	41	41
Provision for other liabilities	1,504	1,392	-	-
	<u>87,372</u>	<u>83,320</u>	<u>651</u>	<u>1,660</u>
Non-current liabilities				
Deferred income tax liabilities	462	462	-	-
Total liabilities	<u>87,834</u>	<u>83,782</u>	<u>651</u>	<u>1,660</u>
NET ASSETS	<u>89,308</u>	<u>84,469</u>	<u>68,749</u>	<u>69,137</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	27	(3)	-	-
Performance share plan reserve	786	408	786	408
Retained profits	32,075	27,644	10,473	11,239
TOTAL EQUITY	<u>89,308</u>	<u>84,469</u>	<u>68,749</u>	<u>69,137</u>

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 increased by S\$8.9 million from S\$168.3 million as at 31 December 2014 to S\$177.1 million as at 31 March 2015, which arose mainly from:

(1) Increase in current and non-current trade and other receivables of S\$6.5 million mainly due to increase in construction contracts due from customers and retentions receivable for construction projects.

(2) Increase in property, plant and equipment of S\$1.6 million due to purchases of fixed assets amounting to S\$2.3 million, partly offset by depreciation charges of S\$0.6 million.

The increase in total assets was partly offset by the decrease in cash and cash equivalents of S\$0.3 million as explained in the Consolidated Statement of Cash Flows.

Total liabilities increased from S\$83.8 million as at 31 December 2014 to S\$87.8 million as at 31 March 2015, mainly due to the increase in trade and other payables of S\$3.2 million as well as increase in current income tax liabilities. The increase in trade and other payables was attributable to the transactions with sub-contractors and suppliers during the period under review. The increase in current tax liabilities was mainly due to income tax provision for 1QFY2015.

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 31 March 2015 and 31 December 2014.

Details of any collaterals

Not applicable as there were no borrowings and debt securities as at 31 March 2015 and 31 December 2014.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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

	First Quarter Ended 31 March	
	2015 S\$'000	2014 S\$'000
Cash flows from operating activities		
Net profit	4,431	3,868
Adjustments for:		
- Amortisation and depreciation	616	459
- Share-based compensation expense	378	-
- Interest income	(83)	(70)
- Income tax expense	956	888
- Gain on disposal of property, plant and equipment	(148)	(5)
- Share of profit of joint ventures	(18)	(242)
Operating cash flows before working capital changes	6,132	4,898
Changes in working capital		
- Trade and other receivables	(6,493)	2,116
- Other current assets	(1,105)	1,631
- Trade and other payables	3,193	(11,721)
- Provision for other liabilities	112	(366)
Cash generated from/(used in) operations	1,839	(3,442)
Income tax paid	(209)	(64)
Net cash provided by/(used in) operating activities	1,630	(3,506)
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,311)	(1,875)
Proceeds from sale of property, plant and equipment	298	5
Dividend received from a joint venture	-	646
Interest received	83	70
Net cash used in investing activities	(1,930)	(1,154)
Cash flows from financing activities		
Dividends paid to equity holders of the Company	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(300)	(4,660)
Cash and cash equivalents at beginning of financial period	51,247	75,956
Effects of currency translation on cash and cash equivalents	30	-
Cash and cash equivalents at end of financial period	50,977	71,296

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

Cash at bank and on hand	50,977	71,296
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Operating Activities

For 1QFY2015, the net cash inflow from operating activities amounted to S\$1.6 million as compared to net cash outflow of S\$3.5 million in the comparative quarter. The net cash inflow from operating activities in 1QFY2015 was mainly attributable to the operating cash inflow before working capital changes amounted to S\$6.1 million, partially offset by net negative changes in working capital of S\$4.5 million.

Investing Activities

For 1QFY2015, cash outflow from investing activities of S\$1.9 million was mainly attributable to the purchases of property, plant and equipment.

Financing Activities

There were no cash movement for financing activities in 1QFY2015 and 1QFY2014.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

- 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	Performance Share Plan Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015	57,490	(1,070)	(3)	408	27,644	84,469
Share-based compensation expenses	-	-	-	378	-	378
Total comprehensive income for the period	-	-	30	-	4,431	4,461
Balance as at 31 March 2015	57,490	(1,070)	27	786	32,075	89,308
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

Company	Share Capital	Performance Share Plan Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015	57,490	408	11,239	69,137
Share-based compensation expenses	-	378	-	378
Total comprehensive loss for the period	-	-	(766)	(766)
Balance as at 31 March 2015	57,490	786	10,473	68,749
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

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- 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 1QFY2015, no shares were issued or acquired by the Company. The share capital of the Company as at 31 March 2015 comprised 664,000,000 ordinary shares (31 December 2014 : 664,000,000 ordinary shares).

Grant of share awards (the "Awards") pursuant to the Soilbuild Construction Performance Share Plan (the "PSP")

2014 PSP Awards

On 22 August 2014, the Awards of up to 6,269,000 shares ("2014 PSP Awards") were granted to eligible executives of the Company. The Awards will be released and vested as follows:

Descriptions:	Release and vesting date
First tranche of 40%	Within one month from the issuance of the Group's audited financial statements for FY2014.
Second tranche of 30%	Within one month from the issuance of the Group's audited financial statements for FY2015.
Third tranche of 30%	Within one month from the issuance of the Group's audited financial statements for FY2016.

On 16 February 2015, the 2014 PSP Awards were reviewed by the Remuneration Committee. Based on such review, the number of shares awarded under the 2014 PSP Awards amounted to 5,663,952 shares and 605,048 shares under the 2014 PSP Awards have lapsed.

2015 PSP Awards

On 31 March 2015, the Awards of up to 6,782,000 shares ("2015 PSP Awards") were granted to eligible executives of the Company. The Awards will be released and vested as follows:

Descriptions:	Release and vesting date
First tranche of 40%	Within one month from the issuance of the Group's audited financial statements for FY2015.
Second tranche of 30%	Within one month from the issuance of the Group's audited financial statements for FY2016.
Third tranche of 30%	Within one month from the issuance of the Group's audited financial statements for FY2017.

None of the Awards above has been released and vested as at 31 March 2015.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2015.

- 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 31 March 2015 comprised 664,000,000 ordinary shares (31 December 2014 : 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 31 March 2015.

- 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 2014.

- 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 2015. 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.

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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	
	First Quarter Ended 31 March	
	2015	2014
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.67	0.58
- Weighted average number of ordinary shares ('000)	664,000	664,000
(b) On a fully diluted basis (cents per share)	0.66	0.58
- Adjusted weighted average number of ordinary shares ('000)	669,704	664,000

- (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.
- (b) Diluted EPS is calculated based on the assumption that the share awards granted pursuant to the Soilbuild Construction Performance Share Plan have been vested on the grant dates.

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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
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 / year				
Net asset value per ordinary share (cents)	13.45	12.72	10.35	10.41
Total number of shares in issue ('000)	664,000	664,000	664,000	664,000

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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) **1QFY2015 vs 1QFY2014**

For 1QFY2015, the Group achieved a net profit of S\$4.4 million compared to net profit of S\$3.9 million reported in the comparative quarter.

Revenue & Gross Profit

For the period under review, the Group's revenue declined by 19.4% from S\$87.3 million in 1QFY2014 to S\$70.4 million in 1QFY2015, while gross profit increased by 15.7% from S\$6.3 million in 1QFY2014 to S\$7.3 million in 1QFY2015.

The major revenue contributors in 1QFY2015 were:

- Mandai Connection project (ramp-up industrial development at Mandai Link);
- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Xin Ming Hua project (industrial development at Tuas Crescent);
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51);
- Jalan Lam Huat project (multiple-user general industrial development at Jalan Lam Huat); and
- Soo Kee project (industrial development at Changi Business Park Vista).

The decrease in revenue was mainly due to the completion of the following projects in FY2014:

- Lavender project (mixed use development at Lavender Street/Kallang Avenue);
- Tampines HDB project (public housing development at Tampines Central 7/Tampines Concourse);
- Angullia Park project (condominium housing development at Angullia Park); and
- Changi Business Park Vista project (research and development building at Changi Business Park).

Gross profit margin increased from 7.2% in 1QFY2014 to 10.4% in 1QFY2015. The higher gross profit margin in 1QFY2015 is mainly due to revenue recognised for projects that generated higher profit margins.

Other Income

Other income increased by S\$0.2 million mainly due to the receipt of grants under the Productivity Innovation Project Scheme.

Other Gains, net

Other gains of S\$0.15 million in 1QFY2015 were attributable to gain from disposal of property, plant and equipment.

Administrative Expenses

Administrative expenses increased by S\$0.5 million from S\$2.0 million in 1QFY2014 to S\$2.5 million in 1QFY2015 mainly due to the increase in staff salaries and related expenses as a result of increase in operating activities, as well as increase in share-based compensation expenses under the PSP.

Finance Expenses

There were no finance expenses in 1QFY2015 and 1QFY2014.

Other Operating Expenses

There were no significant changes in other operating expenses in 1QFY2015.

Share of Profit of Joint Ventures

The Group recognised a gain of S\$0.02 million in the share of profit of its joint ventures in 1QFY2015 as compared to a gain of S\$0.2 million in the comparative period.

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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 1QFY2015 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period/year ended 31 December 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 April 2015, the Singapore economy grew by 2.1% on a year-on-year basis in the first quarter of 2015, the same pace of growth as in the preceding quarter. The construction sector grew by 3.3% on a year-on-year basis in the first quarter of 2015, an improvement from the 0.7% growth recorded in the preceding quarter. The growth in construction sector was driven by a pick-up in private sector construction activities.

As announced on 3 February 2015 and 6 February 2015, respectively, the Group secured 2 new construction contracts during 1QFY2015 with total contract value of approximately S\$51.9 million. In addition, for the Group's operations in Myanmar, the Group added 2 new project management contracts to its project management portfolio in 1QFY2015. These contracts brought the Group's order book to approximately S\$763.9 million as at 31 March 2015.

The Group will continue to seek opportunities for new construction projects in both the local and Myanmar markets.

11 Dividend

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

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Not applicable.

(c) The date the dividend is payable

Not applicable.

(d) Books closure date

Not applicable.

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
Transactions during 1QFY2015		
<u>Soilbuild Group Holdings Ltd.</u>		
Rental of premises	-	181

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 31 March 2015 S\$'000	Amount Unused As At 31 March 2015 S\$'000
Investment in productivity improvements	Up to 10,000	10,000	-
Expansion of construction business to certain countries in Asia	Up to 5,000	892	4,108
Working capital purposes	24,400	24,400	-
	39,400	35,292	4,108

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 first quarter financial statements for the period ended 31 March 2015 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

24 April 2015

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.