



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

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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 %
	2016 S\$'000	2015 S\$'000	
Revenue	102,508	70,419	45.6
Cost of sales	(95,203)	(63,097)	50.9
Gross profit	7,305	7,322	(0.2)
Other income	485	568	(14.6)
Other (losses)/ gains, net	(147)	148	NM
Expenses			
Administrative	(2,432)	(2,497)	(2.6)
Marketing	-	(2)	NM
Others	(455)	(170)	167.6
Share of profit of joint ventures	8	18	(55.6)
Profit before income tax	4,764	5,387	(11.6)
Income tax expense	(798)	(956)	(16.5)
Net profit	3,966	4,431	(10.5)
Other comprehensive income/(loss):			
Items that may be classified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(55)	30	NM
Total comprehensive income	3,911	4,461	(12.3)
Total comprehensive income attributable to:			
Equity holders of the Company	3,911	4,461	(12.3)

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	First Quarter Ended 31 March	
	2016 S\$'000	2015 S\$'000
(I) Other income		
Interest income	9	83
Service income	111	44
Rental income	60	87
Others (including wage credit and grants received)	305	354
	485	568

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Notes to the consolidated statement of comprehensive income (continued)

	First Quarter Ended 31 March	
	2016 S\$'000	2015 S\$'000
(II) Other (losses)/ gains, net		
Gain on disposal of property, plant and equipment, net	-	148
Foreign exchange losses	(147)	-
	(147)	148
(III) Profit before income tax is arrived at after (charging)/crediting:		
Amortisation of intangible assets	(17)	(12)
Depreciation of property, plant and equipment	(661)	(604)
Amortisation of land lease prepayment	(222)	-
Gain on disposal of property, plant and equipment, net	-	148
(IV) Income tax expense		
Tax expense attributable to profit is made up of:		
Profit from current financial period:		
- current income tax	(798)	(956)
- deferred income tax	-	-
	(798)	(956)
Over/(under) provision in prior financial period:		
- current income tax	-	-
- deferred income tax	-	-
	(798)	(956)

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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	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,749	6,721	294	228
Trade and other receivables	110,064	136,976	52,288	53,488
Other current assets	1,451	1,277	22	14
	124,264	144,974	52,604	53,730
Non-current assets				
Trade and other receivables	14,526	11,135	-	-
Other non-current assets	10,000	10,000	-	-
Investments in subsidiaries	-	-	19,770	19,770
Investments in joint ventures	2,782	2,774	-	-
Property, plant and equipment	17,513	17,217	-	-
Intangible assets	216	224	-	-
Land lease prepayment	26,201	26,423	-	-
	71,238	67,773	19,770	19,770
Total assets	195,502	212,747	72,374	73,500
LIABILITIES				
Current liabilities				
Trade and other payables	96,009	117,506	564	1,433
Current income tax liabilities	2,600	2,432	97	125
Provision for other liabilities	1,252	1,351	-	-
	99,861	121,289	661	1,558
Non-current liabilities				
Deferred income tax liabilities	585	585	-	-
Total liabilities	100,446	121,874	661	1,558
NET ASSETS	95,056	90,873	71,713	71,942
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	58,047	58,047	58,047	58,047
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(4)	51	-	-
Performance share plan reserve	1,236	964	1,236	964
Retained profits	36,847	32,881	12,430	12,931
TOTAL EQUITY	95,056	90,873	71,713	71,942

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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\$17.2 million from S\$212.7 million as at 31 December 2015 to S\$195.5 million as at 31 March 2016, mainly due to the decrease in current and non-current trade and other receivables of S\$23.5 million.

The decrease in current and non-current trade and other receivables was due to collection from customers as well as decrease in construction contracts due from customers.

The decrease in total assets was partially offset by the increase in cash and cash equivalents of S\$6.0 million, which was explained in the Consolidated Statement of Cash Flows.

Total liabilities decreased from S\$121.8 million as at 31 December 2015 to S\$100.4 million as at 31 March 2016, mainly due to the decrease in trade and other payables of S\$21.5 million. The decrease in trade and other payables was due to payment to suppliers and sub-contractors.

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

Amount repayable in one year or less, or on demand (if any, Details of any collaterals)

Not applicable as there were no borrowings and debt securities as at 31 March 2016 and 31 December 2015.

Details of any collaterals

Not applicable as there were no borrowings and debt securities as at 31 March 2016 and 31 December 2015.

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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	
	2016 S\$'000	2015 S\$'000
Cash flows from operating activities		
Net profit	3,966	4,431
Adjustments for:		
- Amortisation of intangible assets	17	12
- Depreciation of property, plant and equipment	661	604
- Amortisation of land lease prepayment	222	-
- Share-based compensation expense	272	378
- Interest income	(9)	(83)
- Income tax expense	798	956
- Gain on disposal of property, plant and equipment, net	-	(148)
- Share of profit of joint ventures	(8)	(18)
Operating cash flows before working capital changes	5,919	6,132
Changes in working capital		
- Trade and other receivables	23,521	(6,493)
- Other current assets	(174)	(1,105)
- Trade and other payables	(21,497)	3,193
- Provision for other liabilities	(99)	112
Cash generated from operations	7,670	1,839
Income tax paid	(630)	(209)
Net cash provided by operating activities	7,040	1,630
Cash flows from investing activities		
Additions to property, plant and equipment	(961)	(2,311)
Additions to intangible assets	(9)	-
Proceeds from sale of property, plant and equipment	-	298
Interest received	9	83
Net cash used in investing activities	(961)	(1,930)
Cash flows from financing activities		
Dividends paid to equity holders of the Company	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	6,079	(300)
Cash and cash equivalents at beginning of financial period	6,721	51,247
Effects of currency translation on cash and cash equivalents	(51)	30
Cash and cash equivalents at end of financial period	12,749	50,977
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and on hand	12,749	50,977

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

Operating Activities

For the first quarter ended 31 March 2016 ("1QFY2016"), the net cash inflow from operating activities amounted to S\$7.0 million as compared to net cash inflow of S\$1.6 million in the comparative quarter. The cash inflow from operating activities in 1QFY2016 was mainly attributed to collection of progress billings rendered to customers during the period under review, which was partially offset by payment to suppliers and sub-contractors.

Investing Activities

For 1QFY2016, cash outflow from investing activities of S\$1.0 million was mainly attributable to the purchases of plant and equipment, as well as cost incurred for a building under construction (i.e. the integrated construction and precast hub located at Airport Road) capitalised during the period under review.

Financing Activities

There were no cash movement for financing activities in 1QFY2016 and 1QFY2015.

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- 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	Attributable to equity holders of the Company					
	Share Capital S\$'000	Capital Reserve S\$'000	Currency	Performance	Retained Profits S\$'000	Total Equity S\$'000
			Translation Reserve S\$'000	Share Plan Reserve S\$'000		
Balance as at 1 January 2016	58,047	(1,070)	51	964	32,881	90,873
Profit for the period	-	-	-	-	3,966	3,966
Other comprehensive loss for the period	-	-	(55)	-	-	(55)
Total comprehensive income for the period	-	-	(55)	-	3,966	3,911
Share-based compensation expense	-	-	-	272	-	272
Total transactions with owners, recognised directly in equity	-	-	-	272	-	272
Balance as at 31 March 2016	58,047	(1,070)	(4)	1,236	36,847	95,056
Balance as at 1 January 2015	57,490	(1,070)	(3)	408	27,644	84,469
Profit for the period	-	-	-	-	4,431	4,431
Other comprehensive income for the period	-	-	30	-	-	30
Total comprehensive income for the period	-	-	30	-	4,431	4,461
Share-based compensation expense	-	-	-	378	-	378
Total transactions with owners, recognised directly in equity	-	-	-	378	-	378
Balance as at 31 March 2015	57,490	(1,070)	27	786	32,075	89,308

Company	Attributable to equity holders of the Company			
	Share Capital S\$'000	Performance		Total Equity S\$'000
		Share Plan Reserve S\$'000	Retained Profits S\$'000	
Balance as at 1 January 2016	58,047	964	12,931	71,942
Loss for the period	-	-	(501)	(501)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(501)	(501)
Share-based compensation expense	-	272	-	272
Total transactions with owners, recognised directly in equity	-	272	-	272
Balance as at 31 March 2016	58,047	1,236	12,430	71,713
Balance as at 1 January 2015	57,490	408	11,239	69,137
Loss for the period	-	-	(766)	(766)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(766)	(766)
Share-based compensation expense	-	378	-	378
Total transactions with owners, recognised directly in equity	-	378	-	378
Balance as at 31 March 2015	57,490	786	10,473	68,749

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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 1QFY2016, no shares were issued or acquired by the Company. The share capital of the Company as at 31 March 2016 comprised 666,265,000 ordinary shares (31 December 2015 : 666,265,000 ordinary shares).

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

As at 31 March 2016, the outstanding share awards under the PSP amounted up to 14,897,279 (31 December 2015 : 10,180,952) shares. The movement of the outstanding share awards during the period under review was as follows:

	No. of Share Awards (up to)
As at 1 January 2016	10,180,952
Less : Share awards lapsed on 24 February 2016	(2,979,673)
Add : Granted on 18 March 2016	7,696,000
As at 31 March 2016	<u>14,897,279</u>

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2016.

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 number of issued share of the Company as at 31 March 2016 comprised 666,265,000 ordinary shares (31 December 2015 : 666,265,000 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 2016.

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 2015.

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 2016. 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	
	2016	2015
(a) Based on the weighted average number of ordinary shares in issue (cents per share) - Weighted average number of ordinary shares ('000)	0.60 666,265	0.67 664,000
(b) On a fully diluted basis (cents per share) - Adjusted weighted average number of ordinary shares ('000)	0.59 674,157	0.66 669,704

(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 date.

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	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
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)	14.27	13.64	10.76	10.80
Total number of shares in issue ('000)	666,265	666,265	666,265	666,265

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) 1QFY2016 vs 1QFY2015

For 1QFY2016, the Group achieved a net profit of S\$4.0 million compared to net profit of S\$4.4 million reported in the comparative quarter.

Revenue & Gross Profit

For the period under review, the Group's revenue increased by 45.6% from S\$70.4 million in 1QFY2015 to S\$102.5 million in 1QFY2016, while the gross profit remained at S\$7.3 million in 1QFY2016 compared with the gross profit in 1QFY2015.

The major revenue contributors in 1QFY2016 were:

- Jalan Lam Huat project (multiple-user general industrial development at 60 Jalan Lam Huat);
- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Sembawang HDB project (public housing development at Sembawang);
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51);
- Pepperl + Fuchs project (global distribution center at Pioneer Turn);
- Goodwood Grand Project (residential flat development at Balmoral Road); and
- Hospice project (development of hospice at Thomson Road).

Gross profit margin decreased from 10.4% in 1QFY2015 to 7.1% in 1QFY2016. The lower gross profit margin in 1QFY2016 was mainly due to higher revenue recognised for projects where gross profit margins are relatively lower, in line with the progress of the on-going projects.

Other Income

Other income decreased marginally to S\$0.5 million mainly due to the decrease in interest income from interest-bearing bank deposits and decrease in rental income.

Other losses

Other losses of S\$0.1 million in 1QFY2016 were attributable to foreign exchange losses.

Administrative Expenses

Administrative expenses decreased marginally by S\$0.1 million from S\$2.5 million in 1QFY2015 to S\$2.4 million in 1QFY2016 mainly due to the decrease in various administrative expenses.

Finance Expenses

There were no finance expenses in 1QFY2016 and 1QFY2015.

Other Operating Expenses

The increase in other operating expenses in 1QFY2016 was mainly due to amortisation of land lease prepayment in 1QFY2016, which was absent in 1QFY2015.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$8,000 in the share of profit of its joint ventures in 1QFY2016 as compared to a gain of approximately S\$18,000 in the comparative quarter.

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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 1QFY2016 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 2015.

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 advance estimates released by the Ministry of Trade and Industry Singapore on 14 April 2016, the Singapore economy grew by 1.8% on a year-on-year ("yoy") basis in the first quarter of 2016, the same pace of growth as in the previous quarter. The construction sector grew by 6.2% on a yoy basis, an improvement from the 4.9% growth in the preceding quarter. The stronger growth in the construction sector was supported by both public and private sector construction activities.

As announced on 26 January 2016 and 25 April 2016, respectively, the Group secured 2 new construction contracts in Myanmar with aggregate contract value of approximately US\$104.4 million. The Group will continue to seek opportunities for new construction projects in both the local and Myanmar markets.

The order book of the Group was S\$550.0 million as at 31 March 2016. Including the new construction contract in Myanmar which the Group secured and announced on 25 April 2016, the order book of the Group stands at S\$678.7 million to-date.

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/recommendeded, 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)
Transactions during 1QFY2016	S\$'000	S\$'000
<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 Mar 2016 S\$'000	Amount Unused As At 31 Mar 2016 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	3,315	1,685
Working capital purposes	24,400	24,400	-
	39,400	37,715	1,685

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 2016 to be false or misleading in any material aspect.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Executive Director

26 April 2016