



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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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
	2018	2017		2018	2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	49,570	48,311	2.6	89,286	114,902	(22.3)
Cost of sales	(47,282)	(45,718)	3.4	(84,489)	(109,646)	(22.9)
Gross profit	2,288	2,593	(11.8)	4,797	5,256	(8.7)
Gross profit margin	4.6%	5.4%	(0.8)	5.4%	4.6%	0.8
Other income	553	488	13.3	905	940	(3.7)
Other gains/(losses), net	379	(136)	NM	(18)	(261)	(93.1)
Expenses						
Administrative	(1,987)	(1,751)	13.5	(3,547)	(3,946)	(10.1)
Marketing	(4)	(8)	(50.0)	(4)	(26)	(84.6)
Finance	(123)	(20)	515.0	(183)	(37)	394.6
Others	(813)	(602)	35.0	(1,527)	(1,060)	44.1
Share of profit of joint ventures	92	245	(62.4)	136	267	(49.1)
Profit before income tax	385	809	(52.4)	559	1,133	(50.7)
Income tax expense	(171)	(160)	6.9	(213)	(114)	86.8
Net profit	214	649	(67.0)	346	1,019	(66.0)
Other comprehensive income:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	185	(181)	NM	70	(55)	NM
Total comprehensive income	399	468	(14.7)	416	964	(56.8)
Total comprehensive income attributable to:						
Equity holders of the Company	398	468	(15.0)	415	964	(57.0)
Non-controlling interests	-	-	NM	-	-	NM
	398	468		415	964	

NM : Not meaningful

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Notes to the consolidated statement of comprehensive income

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
(I) Other income				
Interest income	7	13	16	24
Service income	132	202	273	391
Rental income	252	41	342	113
Others (including wage credit and grants received)	162	232	274	412
	553	488	905	940
(II) Other gains/(losses), net				
Gain/(loss) on disposal of property, plant and equipment, net	65	(2)	23	(1)
Foreign exchange (losses)/gains	314	(134)	(41)	(260)
	379	(136)	(18)	(261)
(III) Profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(31)	(20)	(63)	(36)
Depreciation of property, plant and equipment	(756)	(609)	(1,432)	(1,213)
Amortisation of land lease prepayments	(296)	(227)	(567)	(449)
Gain/(loss) on disposal of property, plant and equipment, net	65	(2)	23	(1)
(IV) Income tax expense				
Tax expense attributable to profit is made up of:				
Profit from current financial period:				
- current income tax	(171)	(160)	(213)	(114)
- deferred income tax	-	-	-	-
	(171)	(160)	(213)	(114)
Under provision in prior financial period:				
- current income tax	-	-	-	-
- deferred income tax	-	-	-	-
	(171)	(160)	(213)	(114)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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	
	30/6/2018 S\$'000	31/12/2017 S\$'000	30/6/2018 S\$'000	31/12/2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,091	27,871	266	1,038
Trade and other receivables	51,414	56,100	36,271	36,090
Other current assets	14,762	14,637	3	6
Income tax recoverable	1,117	685	-	-
	79,384	99,293	36,540	37,134
Non-current assets				
Trade and other receivables	9,107	5,591	-	-
Investments in subsidiaries	-	-	31,795	31,795
Investments in joint ventures	554	943	-	-
Property, plant and equipment	75,921	54,360	-	-
Intangible assets	392	455	-	-
Land lease prepayment	32,487	30,106	-	-
Deferred tax assets	49	50	-	-
	118,510	91,505	31,795	31,795
Total assets	197,894	190,798	68,335	68,929
LIABILITIES				
Current liabilities				
Trade and other payables	78,784	93,988	214	760
Borrowings	16,662	11,244	-	-
Current income tax liabilities	571	226	50	101
Provision for other liabilities	1,861	1,093	-	-
	97,878	106,551	264	861
Non-current liabilities				
Trade and other payables	1,814	1,253	-	-
Borrowings	14,717	-	-	-
	16,531	1,253	-	-
Total liabilities	114,409	107,804	264	861
NET ASSETS	83,485	82,994	68,071	68,068
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,597	59,597	59,597	59,597
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(240)	(310)	-	-
Performance share plan reserve	-	-	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	16,998	16,652	346	343
	83,413	82,997	68,071	68,068
Non-controlling interest	72	(3)	-	-
TOTAL EQUITY	83,485	82,994	68,071	68,068

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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\$7.1 million from S\$190.8 million as at 31 December 2017 to S\$197.9 million as at 30 June 2018, mainly due to the increase in property, plant and equipment of S\$21.6 million, which was partially offset by the decrease in cash and cash equivalent of S\$15.8 million.

The increase in property, plant and equipment of S\$21.6 million was due to capitalisation of (i) the construction cost and the plant and machinery costs incurred for the Group's Integrated Construction and Precast Hub (ICPH) and (ii) the construction costs incurred for the Group's factories and warehouses located at Tuas South Link.

Total liabilities increased from S\$107.8 million as at 31 December 2017 to S\$114.4 million as at 30 June 2018, mainly due to the increase in borrowings of S\$20.1 million, which was partially offset by the decrease in trade and other payables of S\$15.2 million arising from payment to suppliers and sub-contractors. The borrowings as at 30 June 2018 mainly comprise of long term and short term bank loans for the purpose of financing the procurement of automated plant and machinery for the Group's ICPH, as well as working capital for the Group's construction projects.

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

	As at 30 June 2018 S\$'000	As at 31 December 2017 S\$'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	16,662	11,244
Amount repayable after one year		
- Secured	-	-
- Unsecured	14,717	-

The Group's total borrowings of S\$31.4 million comprise both long term and short term bank loans for the purposes of financing the procurement of automated plant and machinery for the Group's ICPH as well as working capital for the Group's construction projects.

Details of any collaterals

The Group's total borrowings of S\$31.4 million as at 30 June 2018 are unsecured.

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	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash flows from operating activities				
Net profit	214	649	346	1,019
Adjustments for:				
- Amortisation of intangible assets	31	20	63	36
- Depreciation of property, plant and equipment	756	609	1,432	1,213
- Amortisation of land lease prepayment	296	227	567	449
- Share-based compensation expense	-	(160)	-	(75)
- Interest income	(7)	(13)	(16)	(24)
- Interest expense	123	20	183	37
- Income tax expense	171	160	213	114
- (Gain)/loss on disposal of property, plant and equipment	(65)	2	(23)	1
- Share of profit of joint ventures	(92)	(245)	(136)	(267)
Operating cash flows before working capital changes	1,427	1,269	2,629	2,503
Changes in working capital:				
- Trade and other receivables	(787)	26,015	1,170	41,504
- Other current assets	(1,420)	(1,438)	(125)	(4,572)
- Trade and other payables	3,031	(2,432)	(14,670)	(22,044)
- Provision for other liabilities	51	138	768	145
Cash generated from/(used in) operations	2,302	23,552	(10,228)	17,536
Income tax paid	25	(658)	(305)	(1,302)
Net cash generated from/(used in) operating activities	2,327	22,894	(10,533)	16,234
Cash flows from investing activities				
Additions to property, plant and equipment	(11,918)	(4,869)	(23,281)	(8,400)
Additions of intangible assets	-	(80)	-	(80)
Additions of land lease prepayment	(2,892)	(2,848)	(2,892)	(2,848)
Proceeds from disposal of property, plant and equipment	320	404	346	410
Distribution received from a joint venture	114	104	225	126
Dividend received from a joint venture	300	-	300	-
Interest received	7	13	16	24
Net cash used in investing activities	(14,069)	(7,276)	(25,286)	(10,768)
Cash flows from financing activities				
Proceeds from issuance of shares	75	63	75	122
Proceeds from bank loans	8,355	5,000	20,135	9,500
Repayment of bank loans	-	(5,000)	-	(9,500)
Dividends paid to equity holders of the Company	-	(8,412)	-	(8,412)
Interest paid	(109)	(20)	(155)	(37)
Net cash provided by/(used in) financing activities	8,321	(8,369)	20,055	(8,327)
Net (decrease)/increase in cash and cash equivalents	(3,421)	7,249	(15,764)	(2,861)
Cash and cash equivalents at beginning of financial period	15,453	22,746	27,871	32,830
Effects of currency translation on cash and cash equivalents	59	(58)	(16)	(32)
Cash and cash equivalents at end of financial period	12,091	29,937	12,091	29,937
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	12,091	29,937	12,091	29,937

Operating Activities

For the second quarter ended 30 June 2018 ("2QFY2018"), the net cash inflow from operating activities amounted to S\$2.3 million as compared to net cash inflow of S\$22.9 million in the comparative quarter. The decrease in cash inflow from operating activities in 2QFY2018 was mainly attributable to the decrease in collections from customers during the period.

For the half year ended 30 June 2018 ("1HFY2018"), the net cash outflow from operating activities amounted to S\$10.5 million as compared to net cash inflow of S\$16.2 million in the comparative period. The cash outflow from operating activities in 1HFY2018 was mainly attributable to the decrease in collections from customers, which is in line with the decrease in revenue.

Investing Activities

For 2QFY2018, cash outflow from investing activities of S\$14.1 million as compared to S\$7.3 million in the comparative quarter. The cash outflow in 2QFY2018 was mainly attributable to the construction cost and the plant and machinery costs incurred for the Group's integrated construction precast hub located at Airport Road, as well as the construction cost incurred for the Group's factories and warehouses at Tuas South Link, capitalised during the quarter under review.

For 1HFY2018, cash outflow from investing activities was S\$25.3 million as compared to S\$10.8 million in the comparative period. The cash outflow in 1HFY2018 was mainly attributable to the reasons as explained above.

Financing Activities

For 2QFY2018 and 1HFY2018, the cash inflow from financing activities was due to proceeds from both short term bank loans and long term bank loans drawdown to finance the procurement of automated plant and machinery for the Group's ICPH, as well as working capital for the Group's construction projects.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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	Attributable to equity holders of the Company								
	Share Capital S\$'000	Warrant Reserve S\$'000	Capital Reserve S\$'000	Currency Translation Reserve S\$'000	Performance Share Plan Reserve S\$'000	Retained Profits S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
Balance as at 1 January 2018	59,597	8,128	(1,070)	(310)	-	16,652	82,997	(3)	82,994
Profit for the period	-	-	-	-	-	346	346	-	346
Other comprehensive income for the period	-	-	-	70	-	-	70	-	70
Total comprehensive income for the period	-	-	-	70	-	346	416	-	416
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	75	75
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	75	75
Balance as at 30 June 2018	59,597	8,128	(1,070)	(240)	-	16,998	83,413	72	83,485
Balance as at 1 January 2017	58,798	8,161	(1,070)	116	719	31,367	98,091	-	98,091
Profit for the period	-	-	-	-	-	1,019	1,019	-	1,019
Other comprehensive income for the period	-	-	-	(55)	-	-	(55)	-	(55)
Total comprehensive income for the period	-	-	-	(55)	-	1,019	964	-	964
Share-based compensation expenses	-	-	-	-	(75)	-	(75)	-	(75)
Issuance of shares pursuant to the performance share plan	644	-	-	-	(644)	-	-	-	-
Issuance of shares pursuant to exercise of warrants	155	(33)	-	-	-	-	122	-	122
Dividend paid	-	-	-	-	-	(8,412)	(8,412)	-	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	-	-	(719)	(8,412)	(8,365)	-	(8,365)
Balance as at 30 June 2017	59,597	8,128	(1,070)	61	-	23,974	90,690	-	90,690

Company	Attributable to equity holders of the Company				
	Share Capital S\$'000	Warrant Reserve S\$'000	Performance Share Plan Reserve S\$'000	Retained Profits S\$'000	Total Equity S\$'000
Balance as at 1 January 2018	59,597	8,128	-	343	68,068
Profit for the period	-	-	-	3	3
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3	3
Balance as at 30 June 2018	59,597	8,128	-	346	68,071
Balance as at 1 January 2017	58,798	8,161	719	8,987	76,665
Loss for the period	-	-	-	(131)	(131)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(131)	(131)
Share-based compensation expenses	-	-	(75)	-	(75)
Issuance of shares pursuant to the Performance share plan	644	-	(644)	-	-
Issuance of shares pursuant to exercise of warrants	155	(33)	-	-	122
Dividend paid	-	-	-	(8,412)	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	(719)	(8,412)	(8,365)
Balance as at 30 June 2017	59,597	8,128	-	444	68,169

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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.

Preferential Offering of Warrants

During 2QFY2018, there are no warrants being exercised. The total number of outstanding warrants is 166,683,500 as at 30 June 2018.

The movement of the outstanding warrants during the period under review was as follows:

	No. of Warrants
As at 1 January 2018	166,683,500
Less : Warrants exercised during the period	-
As at 30 June 2018	166,683,500

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

As at 30 June 2018, the outstanding share awards under the PSP amounted to Nil (31 December 2017: up to 7,913,000) 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 2018	7,913,000
Less : Share awards lapsed on 26 February 2018	(7,913,000)
As at 30 June 2018	-

Issued Ordinary Shares

The movement of issued ordinary shares of the Company during the period under review was as follows:

	No. of Share issued
As at 1 January 2018	672,988,500
Add : Issuance of shares pursuant to exercise of warrants	-
As at 30 June 2018	672,988,500

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2018.

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 shares of the Company as at 30 June 2018 comprised 672,988,500 ordinary shares (31 December 2017: 672,988,500 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 are no treasury shares as at 30 June 2018.

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.

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2017 except in the current financial year, the Group and the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised standards did not have any effect on the financial performance or position of the Group and the Company.

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.

Please refer to item 4 above.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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		Group	
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2018	2017	2018	2017
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.03	0.10	0.05	0.15
- Weighted average number of ordinary shares ('000)	672,989	672,400	672,989	670,970
(b) On a fully diluted basis (cents per share)	0.03	0.05	0.05	0.14
- Adjusted weighted average number of ordinary shares ('000)	644,364	708,123	658,180	709,912

- (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) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan, and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price higher/lower than market value.

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	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
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)	12.40	12.33	10.11	10.11
Total number of shares in issue	672,988,500	672,988,500	672,988,500	672,988,500

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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) **2QFY2018 vs 2QFY2017**

For 2QFY2018, the Group reported a net profit of approximately S\$214,000 compared to net profit of approximately S\$649,000 reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue increased by 2.6% from S\$48.3 million in 2QFY2017 to S\$49.6 million in 2QFY2018. The marginal increase in revenue is due to the progress of on-going projects in 2018.

Major revenue contributors in 2QFY2018 were:

- 68 Residence project (construction and completion of a 26 1/2 storey serviced apartment / condominium in Yangon);
- Rosehill Residence project (erection of a 24-storey residential development in Yangon);
- 164 Kallang Way project (construction of a multi-user general industrial factory development at Geylang Planning Area);
- 171 Kallang Way project (construction of a general industrial factory development at Geylang Planning Area); and
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).

The Group reported a gross profit of S\$2.3 million in 2QFY2018 compared to gross profit of S\$2.6 million in 2QFY2017. The gross profit margin for 2QFY2018 has decreased by 0.8% to 4.6% as a result of increased construction costs for industrial projects.

Other Income

Other income increased by approximately S\$65,000 mainly due to increase in rental income received in 2QFY2018.

Other Gains/(Losses)

Other gains (net) of S\$0.4 million in 2QFY2018 were mainly attributable to foreign exchange gains of approximately S\$314,000.

Administrative Expenses

Administrative expenses increased from S\$1.75 million in 2QFY2017 to S\$1.99 million in 2QFY2018 due to increase in various administrative expenses including certain professional fee.

Other Operating Expenses

The increase in other operating expenses in 2QFY2018 was mainly due to increase in depreciation on property, plant and machinery during the quarter.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$92,000 in the share of profit of its joint ventures in 2QFY2018 as compared to a gain of approximately S\$245,000 in the comparative quarter.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(b) 1HFY2018 vs 1HFY2017

For 1HFY2018, the Group reported a net profit of approximately S\$0.3 million compared to net profit of approximately S\$1.0 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue decreased by 22.3% from S\$114.9 million in 1HFY2017 to S\$89.3 million in 1HFY2018. The decrease in revenue is attributable to decrease in construction activities during 1HFY2018.

Major revenue contributors in 1HFY2018 were:

- 68 Residence project (construction and completion of a 26 1/2 storey serviced apartment / condominium in Yangon);
- Rosehill Residence project (erection of a 24-storey residential development in Yangon);
- 164 Kallang Way project (construction of a multi-user general industrial factory development at Geylang Planning Area);
- 171 Kallang Way project (construction of a general industrial factory development at Geylang Planning Area); and
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).

The Group reported a gross profit of S\$4.8 million in 1HFY2018 compared to gross profit of S\$5.3 million in 1HFY2017. The gross profit margin for 1HFY2018 has increased from 4.6% to 5.4% as a result of additional contract revenue granted by clients for better construction quality performance of the Group on two HDB projects in Singapore, as well as overall cost savings achieved on certain private projects during the period.

Other Income

Other income decreased by approximately S\$35,000 mainly due to decrease in grants received and lower service income in 1HFY2018. The decrease was partially offset by increase in rental income.

Other Losses

Other losses (net) of S\$18,000 in 1HFY2018 were mainly attributable to foreign exchange loss of approximately S\$41,000, partially offset by gain on disposal of property, plant and equipment.

Administrative Expenses

Administrative expenses decreased from S\$3.9 million in 1HFY2017 to S\$3.5 million in 1HFY2018 mainly due in the decrease in various administrative expenses including directors' and staff remuneration.

Other Operating Expenses

The increase in other operating expenses in 1HFY2018 was mainly due to increase in depreciation on property, plant and machinery during the period under review.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$136,000 in the share of profit of its joint ventures in 2QFY2018 as compared to a gain of approximately S\$267,000 in the comparative period.

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 1HFY2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 31 March 2018.

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 13 July 2018, the Singapore economy grew by 3.8% on a year-on-year ("yoy") basis in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter. The construction sector contracted by 4.4% (on a yoy basis), extending the 5.2% decline in the previous quarter. The decline in the construction sector was due to continued weakness primarily in the private sector construction activities.

During the period under review, the Group secured a S\$3.8 million construction contract for structural building and related infrastructure work of a distribution centre in Dagon Seikkan Township, Myanmar.

The Group expects the demand for construction activities in the local market to remain weak in the private sector and competition in public tenders to remain challenging. Notwithstanding current market conditions, the Group will continue to focus on tenders for new projects in the local and Myanmar markets.

The Group's order book as at 30 June 2018 amounted to S\$351.0 million which comprise S\$190.9 million from local construction projects and S\$160.1 million from Myanmar construction projects.

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.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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 2QFY2018		
<u>Straits Law Practice LLP</u> Legal consultancy fee	206	-
<u>Asian Worldwide Services Pte Ltd</u> Shipping and cargo clearance services for construction equipment and materials	-	260

14 Use of Proceeds from Preferential Offering of Warrants

Pursuant to the preferential offering of warrants on 13 July 2016, the Company received net proceeds from the issue of the warrants of approximately S\$8.2 million after deducting the actual issue expenses of S\$0.2 million, as set out below. The utilisation of the proceeds as at the date of this announcement is as follows:

Use of proceeds from the preferential offering of warrants	Amount Allocated S\$'000	Amount Used As At 30 June 2018 S\$'000	Amount Unused As At 30 June 2018 S\$'000
Acquisition of plant and equipment for construction works in Myanmar	Up to 2,500	2,500	-
Working capital purposes	Up to 5,700	5,700	-
	8,200	8,200	-

As at 30 June 2018, the Company has fully utilised the net proceeds as stated above.

15 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).

16 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 2018 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman
31 July 2018

Ho Toon Bah
Executive Director