



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

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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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

	Fourth Quarter Ended			Financial Year Ended		
	31 December	31 December	Change	31 December	31 December	Change
	2018	2017		2018	2017	
	(Restated)			(Restated)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	78,183	53,227	46.9	208,584	199,606	4.5
Cost of sales	(78,725)	(55,259)	42.5	(201,976)	(199,370)	1.3
Gross (loss)/profit	(542)	(2,032)	(73.3)	6,608	236	2,700.0
Gross (loss)/profit margin	-0.7%	-3.8%		3.2%	0.1%	
Other income	710	309	129.8	2,277	1,597	42.6
Other (losses)/gains, net	(45)	184	NM	(102)	(149)	(31.5)
Expenses						
Administrative	(1,910)	(1,886)	1.3	(6,764)	(7,587)	(10.8)
Marketing	-	(1)	(100.0)	(8)	(40)	(80.0)
Finance	(293)	(28)	946.4	(635)	(71)	794.4
Others	(1,402)	(549)	155.4	(3,930)	(2,175)	80.7
Share of profit/(loss) of joint ventures	(17)	293	NM	143	594	(75.9)
Loss before income tax	(3,499)	(3,710)	(5.7)	(2,411)	(7,595)	(68.3)
Income tax (expense)/credit	(614)	969	NM	(871)	1,621	NM
Net loss	(4,113)	(2,741)	50.1	(3,282)	(5,974)	(45.1)
Other comprehensive income:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	79	(412)	NM	256	(405)	NM
Total comprehensive loss	(4,034)	(3,153)	27.9	(3,026)	(6,379)	(52.6)
Total comprehensive loss attributable to:						
Equity holders of the Company	(4,007)	(3,150)	27.2	(2,986)	(6,376)	(53.2)
Non-controlling interests	(27)	(3)	800.0	(40)	(3)	1,233.3
	(4,034)	(3,153)		(3,026)	(6,379)	

NM : Not meaningful

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Notes to the consolidated statement of comprehensive income

	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2018	2017 (Restated)	2018	2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
(I) Other income				
Interest income	7	11	31	47
Service income	168	158	626	751
Rental income	484	60	1,165	214
Others (including wage credit and grants received)	51	80	455	585
	710	309	2,277	1,597
(II) Other (losses)/gains, net				
Gain/(loss) on disposal of property, plant and equipment, net	9	(93)	34	(156)
Loss on disposal of a subsidiary	(45)	-	(45)	-
Foreign exchange (losses)/gains	(9)	277	(91)	7
	(45)	184	(102)	(149)
(III) Profit/(loss) before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(31)	(24)	(125)	(80)
Depreciation of property, plant and equipment	(1,225)	(583)	(3,411)	(2,411)
Amortisation of land lease prepayments	(311)	(281)	(1,186)	(982)
Gain/(loss) on disposal of property, plant and equipment, net	9	(93)	34	(156)
(IV) Income tax expense				
Tax expense attributable to profit/(loss) is made up of:				
Profit from current financial period/year:				
- current income tax	(1,267)	(178)	(1,490)	(178)
- deferred income tax	954	817	954	1,471
	(313)	639	(536)	1,293
Under provision in prior financial period/year:				
- current income tax	28	454	(6)	452
- deferred income tax	(329)	(124)	(329)	(124)
	(614)	969	(871)	1,621

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	
	31/12/2018	31/12/2017 (Restated)	31/12/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,252	27,871	354	1,038
Trade and other receivables	77,363	56,189	53,468	36,090
Other current assets	1,387	14,637	8	6
Income tax recoverable	-	685	-	-
	94,002	99,382	53,830	37,134
Non-current assets				
Trade and other receivables	7,305	5,591	-	-
Investments in subsidiaries	-	-	32,021	31,795
Investments in joint ventures	525	943	-	-
Property, plant and equipment	101,891	54,360	-	-
Intangible assets	330	455	-	-
Land lease prepayment	33,928	30,106	-	-
Deferred tax assets	929	274	-	-
	144,908	91,729	32,021	31,795
Total assets	238,910	191,111	85,851	68,929
LIABILITIES				
Current liabilities				
Trade and other payables	103,206	95,181	17,479	760
Borrowings	51,554	11,244	-	-
Current income tax liabilities	436	226	85	101
Provision for other liabilities	1,490	1,281	-	-
	156,686	107,932	17,564	861
Non-current liabilities				
Trade and other payables	3,183	1,253	-	-
Deferred tax liabilities	98	-	-	-
	3,281	1,253	-	-
Total liabilities	159,967	109,185	17,564	861
NET ASSETS	78,943	81,926	68,287	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	(149)	(405)	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	12,437	15,679	562	343
	78,943	81,929	68,287	68,068
Non-controlling interest	-	(3)	-	-
TOTAL EQUITY	78,943	81,926	68,287	68,068

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UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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\$47.8 million from S\$191.1 million as at 31 December 2017 to S\$238.9 million as at 31 December 2018, mainly due to the increase in property, plant and equipment of S\$47.5 million and the increase in both current and non-current trade and other receivables of S\$22.9 million, which were partially offset by the decrease in other current assets of S\$13.3 million and the decrease in cash and cash equivalent of S\$12.6 million.

The increase in property, plant and equipment of S\$47.5 million was due to (i) the construction cost and the plant and machinery costs incurred for the Group's Integrated Construction and Precast Hub (ICPH), (ii) the construction costs incurred for the Group's factories and warehouses located at Tuas South Link and (iii) acquisition of additional land and buildings, as well as plant and machinery during the financial year. The increase in the current and non-current trade and other receivables was due to increase in progress billings receivables and retention due from customers.

The decrease in other current assets of S\$13.3 million was mainly due to collection of security deposit from a customer upon completion of a project while the decrease in cash and cash equivalents of S\$12.6 million was explained in the Consolidated Statement of Cash Flow.

Total liabilities increased from S\$109.2 million as at 31 December 2017 to S\$160.0 million as at 31 December 2018, mainly due to (i) the increase in borrowings of S\$40.3 million and (ii) increase in both current and non-current trade and other payables of S\$10.0 million arising from the increase in procurement for construction projects during the financial year. The borrowings as at 31 December 2018 mainly comprised bank loans drawdown for the purpose of financing (i) the capital expenditure of the Group, which include the construction cost and procurement of automated plant and machinery for the Group's ICPH, (ii) acquisition of assets, and (iii) for working capital for the Group's construction projects.

As at 31 December 2018, the Group's current liabilities, amounting to S\$156.7 million, exceeded its current assets, amounting to S\$94.0 million, by S\$62.7 million. The negative working capital position was due mainly to (i) reclassification of a portion of a term loan amounting to S\$48.5 million, which is due twelve months after 31 December 2018, from non-current to current liabilities on 31 December 2018 (please refer to paragraph 1(b)(ii) for more details), and (ii) the Group's investment in the property, plant and equipment.

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

	As at 31 December 2018 S\$'000	As at 31 December 2017 S\$'000
Amount repayable in one year or less, or on demand		
- Secured	50,000	-
- Unsecured	1,554	11,244
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-

The Group's total borrowings of S\$51.6 million comprise (i) a term loan of S\$50.0 million, which is classified as current borrowing as a result of the breach of loan covenants by a subsidiary^{Note A} and (ii) short term bank loans for the purposes as more explained in paragraph 1(b)(i) above.

Note A : Breach of the maintenance of debt service ratio of the Group in relation to term loan amounting to S\$50.0 million. Arising from the breach, a portion of the term loan amounting to S\$48.5 million which is due twelve months after the balance sheet date, i.e. 31 December 2018, has been reclassified from non-current to current as at 31 December 2018.

The breach of the maintenance of debt service ratio of the Group was due to loss reported for the financial year ended 31 December 2018, as explained in the paragraph 8. The Group is applying waiver of the breach from the Bank while the facilities remain available to the Group and the repayment terms remain unchanged. The Board of Directors does not anticipate any issue in securing the grant of the waiver from the Bank.

Details of any collaterals

The Group's term loan amounting to S\$50.0 million as at 31 December 2018 is secured by a first legal mortgage executed over the Group's ICPH.

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

	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2018	2017 (Restated)	2018	2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net loss	(4,113)	(2,741)	(3,282)	(5,974)
Adjustments for:				
- Amortisation of intangible assets	31	24	125	80
- Depreciation of property, plant and equipment	1,225	583	3,411	2,411
- Amortisation of land lease prepayment	311	281	1,186	982
- Share-based compensation expense	-	-	-	(75)
- Interest income	(7)	(11)	(31)	(47)
- Interest expense	293	28	635	71
- Income tax expense/(credit)	614	(969)	871	(1,621)
- (Gain)/loss on disposal of property, plant and equipment	(9)	93	(34)	156
- Loss on disposal of a subsidiary	45	-	45	-
- Property, plant and equipment written off	23	-	23	-
- Share of profit/(loss) of joint ventures	17	(293)	(143)	(594)
Operating cash flows before working capital changes	(1,570)	(3,005)	2,806	(4,611)
Changes in working capital:				
- Trade and other receivables	(14,371)	440	(22,078)	56,778
- Other current assets	3,138	(8,281)	13,273	(12,462)
- Other non-current assets	-	10,000	-	10,000
- Trade and other payables	21,208	2,029	5,444	(17,805)
- Provision for other liabilities	(409)	(653)	209	(273)
Cash generated from/(used in) operations	7,996	530	(346)	31,627
Income tax paid	(213)	(852)	(549)	(2,221)
Net cash generated from/(used in) operating activities	7,783	(322)	(895)	29,406
Cash flows from investing activities				
Additions to property, plant and equipment	(7,244)	(17,661)	(37,894)	(34,020)
Additions of intangible assets	-	(276)	-	(356)
Additions of land lease prepayment	-	42	(2,892)	(5,552)
Proceeds from disposal of property, plant and equipment	184	103	589	532
Acquisition of assets, net of cash acquired	(7,625)	-	(7,625)	-
Disposal of a subsidiary, net of cash disposed of	88	-	88	-
Distribution received from a joint venture	12	183	261	435
Dividend received from a joint venture	-	2,000	300	2,000
Interest received	7	11	31	47
Net cash used in investing activities	(14,578)	(15,598)	(47,142)	(36,914)
Cash flows from financing activities				
Proceeds from issuance of shares	-	-	75	122
Proceeds from bank loans	30,145	8,529	56,756	26,744
Repayment of bank loans	(20,976)	-	(20,976)	(15,500)
Dividends paid to equity holders of the Company	-	-	-	(8,412)
Interest paid	(284)	(23)	(599)	(66)
Net cash provided by financing activities	8,885	8,506	35,256	2,888
Net increase/(decrease) in cash and cash equivalents	2,090	(7,414)	(12,781)	(4,620)
Cash and cash equivalents at beginning of financial period/year	13,043	35,473	27,871	32,830
Effects of currency translation on cash and cash equivalents	119	(188)	162	(339)
Cash and cash equivalents at end of financial period/year	15,252	27,871	15,252	27,871
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	15,252	27,871	15,252	27,871

Operating Activities

For the fourth quarter ended 31 December 2018 ("4QFY2018"), the net cash inflow from operating activities amounted to S\$7.8 million as compared to net cash outflow of S\$0.3 million in the comparative quarter. The cash inflow from operating activities in 4QFY2018 was mainly attributable to the increase in payables to suppliers and subcontractors, partially offset by increase in receivables from customers during the period.

For the financial year ended 31 December 2018 ("12MFY2018"), the net cash outflow from operating activities amounted to S\$0.9 million as compared to net cash inflow of S\$29.4 million in the comparative year. The cash outflow from operating activities in 12MFY2018 was mainly attributable to the increase in receivables from customers, partially offset by the collection of a security deposit from a customers upon completion of a project.

Investing Activities

For 4QFY2018, cash outflow from investing activities of S\$14.6 million as compared to S\$15.6 million in the comparative quarter. The cash outflow in 4QFY2018 was mainly attributable to (i) the construction cost and the plant and machinery costs incurred for the Group's ICPH, and (ii) acquisition of assets, net of cash acquired.

For 12MFY2018, cash outflow from investing activities was S\$47.1 million as compared to S\$36.9 million in the comparative year. The cash outflow in 12MFY2018 was mainly attributable to the reasons as explained above.

Financing Activities

For 4QFY2018 and 12MFY2018, the cash inflow from financing activities was due to proceeds from term bank loans which were drawdown to finance the capital expenditure as explained in paragraph 1(b)(i).

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									
As previously reported	59,597	8,128	(1,070)	(310)	-	16,652	82,997	(3)	82,994
Effect of adopting SFRS(I) 1	-	-	-	(92)	-	92	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	(3)	-	(1,065)	(1,068)	-	(1,068)
Balance as at 1 January 2018, as restated	59,597	8,128	(1,070)	(405)	-	15,679	81,929	(3)	81,926
Loss for the year	-	-	-	-	-	(3,242)	(3,242)	(40)	(3,282)
Other comprehensive income for the year	-	-	-	256	-	-	256	-	256
Total comprehensive loss for the year	-	-	-	256	-	(3,242)	(2,986)	(40)	(3,026)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	75	75
Disposal of controlling interest in subsidiary	-	-	-	-	-	-	-	(32)	(32)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	43	43
Balance as at 31 December 2018	59,597	8,128	(1,070)	(149)	-	12,437	78,943	-	78,943
Balance as at 1 January 2017									
As previously reported	58,798	8,161	(1,070)	116	719	31,367	98,091	-	98,091
Effect of adopting SFRS(I) 1	-	-	-	(92)	-	92	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	(24)	-	(1,397)	(1,421)	-	(1,421)
Balance as at 1 January 2017, as restated	58,798	8,161	(1,070)	-	719	30,062	96,670	-	96,670
Loss for the year as restated	-	-	-	-	-	(5,971)	(5,971)	(3)	(5,974)
Other comprehensive loss for the year, as restated	-	-	-	(405)	-	-	(405)	-	(405)
Total comprehensive loss for the year	-	-	-	(405)	-	(5,971)	(6,376)	(3)	(6,379)
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 31 December 2017, as restated	59,597	8,128	(1,070)	(405)	-	15,679	81,929	(3)	81,926

Company	Attributable to equity holders of the Company				
	Share Capital S\$'000	Warrant Reserve S\$'000	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 year	-	-	-	219	219
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	219	219
Balance as at 31 December 2018	59,597	8,128	-	562	68,287
Balance as at 1 January 2017	58,798	8,161	719	8,987	76,665
Loss for the year	-	-	-	(232)	(232)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(232)	(232)
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 31 December 2017	59,597	8,128	-	343	68,068

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 4QFY2018, there are no warrants being exercised. The total number of outstanding warrants is 166,683,500 as at 31 December 2018.

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

	No. of Warrants
As at 1 January 2018	166,683,500
Less : Warrants exercised during the year	-
As at 31 December 2018	166,683,500

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

As at 31 December 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 year 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 31 December 2018	-

Issued Ordinary Shares

The movement of issued ordinary shares of the Company during the year 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 31 December 2018	672,988,500

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 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 31 December 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 31 December 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/year 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. Please refer to paragraph 5 below for more details.

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.

On 1 January 2018, the Group has adopted the following new Singapore Financial Reporting Standards (International) (SFRS(I)) which are mandatorily and effective from 1 January 2018:

(a) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively.

Construction contracts

(i) Change in method for recognition of revenue and margin from construction contracts

Before 1 January 2018, the Group recognised construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period ("percentage-of-completion method"), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the value of work performed relative to the total contract value as determined by the architects' certificates. The value of work performed is determined by the architects based on physical surveys of the construction works completed ("Output Method").

With the adoption of SFRS(I) 15, the Group continues to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include Output Method (As defined above) and Input Method (which is cost-based input method). The Group has determined that the Input Method reflects the over-time transfer of control to customers. Accordingly, with effective from 1 July 2018, the Group adopted the Input Method under the SFRS(1) 15, in recognising its contract revenue.

The Group has also assessed the corresponding tax impact with the adoption of SFRS(I)15.

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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.

(ii) Accounting for loss-making construction contracts

Before 1 January 2018, under FRS 11 Construction Contracts, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately on a contract-by-contract basis, and is accounted for on the balance sheet as part of construction contract balances under trade and other receivables or trade and other payables.

With the adoption of SFRS(I) 15, there is no guidance on how to account for expected losses on loss-making contracts. As such, the Group will need to apply SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets to identify and account for loss-making contracts. Accordingly, there will be a classification impact and the provision for foreseeable losses will be classified and disclosed separately as provision for other liabilities on the balance sheet.

(b) SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

In the application of SFRS(I) 1, the Group has elected the optional exemption to deem cumulative translation differences for foreign operations to be zero on 1 January 2017 and reclassified S\$92,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 -Input Method, on the Group's financial statements.

	3 months ended 31 December 2017			12 months ended 31 December 2017		
	As previously reported	Effects	Restated	As previously reported	Effects	Restated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Consolidated Statement of Comprehensive Income						
Revenue	39,263	13,964	53,227	200,769	(1,163)	199,606
Cost of sales	(41,745)	(13,514)	(55,259)	(200,963)	1,593	(199,370)
Gross (loss)/profit	(2,482)	450	(2,032)	(194)	430	236
Other income	309	-	309	1,597	-	1,597
Other gains/(losses), net	184	-	184	(149)	-	(149)
Expenses						
Administrative	(1,886)	-	(1,886)	(7,587)	-	(7,587)
Marketing	(1)	-	(1)	(40)	-	(40)
Finance	(28)	-	(28)	(71)	-	(71)
Others	(549)	-	(549)	(2,175)	-	(2,175)
Share of profit of joint ventures	293	-	293	594	-	594
Loss before income tax	(4,160)	450	(3,710)	(8,025)	430	(7,595)
Income tax credit	977	(8)	969	1,719	(98)	1,621
Net loss	(3,183)	442	(2,741)	(6,306)	332	(5,974)
Other comprehensive income:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(325)	(87)	(412)	(426)	21	(405)
Total comprehensive loss	(3,508)	355	(3,153)	(6,732)	353	(6,379)
Total comprehensive loss attributable to:						
Equity holders of the Company	(3,505)	355	(3,150)	(6,729)	353	(6,376)
Non-controlling interests	(3)	-	(3)	(3)	-	(3)
	(3,508)	355	(3,153)	(6,732)	353	(6,379)

SOILBUILD CONSTRUCTION GROUP LTD.

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- 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 following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 -Input Method, on the Group's financial statements.

	As at 1 January 2017			As at 31 December 2017		
	As previously reported S\$'000	Effects S\$'000	Restated S\$'000	As previously reported S\$'000	Effects S\$'000	Restated S\$'000
Balance Sheet as at 1 January 2017 and 31 December 2017						
ASSETS						
Current assets						
Cash and cash equivalents	32,830	-	32,830	27,871	-	27,871
Trade and other receivables	103,427	213	103,640	56,100	89	56,189
Other current assets	2,175	-	2,175	14,637	-	14,637
Income tax recoverable	-	-	-	685	-	685
	<u>138,432</u>		<u>138,645</u>	<u>99,293</u>		<u>99,382</u>
Non-current assets						
Trade and other receivables	14,918	-	14,918	5,591	-	5,591
Other non-current assets	10,000	-	10,000	-	-	-
Investments in joint ventures	2,784	-	2,784	943	-	943
Property, plant and equipment	23,474	-	23,474	54,360	-	54,360
Intangible assets	179	-	179	455	-	455
Land lease prepayment	25,535	-	25,535	30,106	-	30,106
Deferred tax assets	-	-	-	50	224	274
	<u>76,890</u>		<u>76,890</u>	<u>91,505</u>		<u>91,729</u>
Total assets	<u>215,322</u>		<u>215,535</u>	<u>190,798</u>		<u>191,111</u>
LIABILITIES						
Current liabilities						
Trade and other payables	112,702	1,532	114,234	93,988	1,193	95,181
Borrowings	-	-	-	11,244	-	11,244
Current income tax liabilities	2,016	-	2,016	226	-	226
Provision for other liabilities	1,119	435	1,554	1,093	188	1,281
	<u>115,837</u>		<u>117,804</u>	<u>106,551</u>		<u>107,932</u>
Non-current liabilities						
Trade and other payables	-	-	-	1,253	-	1,253
Deferred income tax liabilities	1,394	(333)	1,061	-	-	-
	<u>1,394</u>		<u>1,061</u>	<u>1,253</u>		<u>1,253</u>
Total liabilities	<u>117,231</u>		<u>118,865</u>	<u>107,804</u>		<u>109,185</u>
NET ASSETS	<u>98,091</u>		<u>96,670</u>	<u>82,994</u>		<u>81,926</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	58,798	-	58,798	59,597	-	59,597
Capital reserve	(1,070)	-	(1,070)	(1,070)	-	(1,070)
Currency translation reserve	116	(116)	-	(310)	(95)	(405)
Performance share plan reserve	719	-	719	-	-	-
Warrant reserve	8,161	-	8,161	8,128	-	8,128
Retained profits	31,367	(1,305)	30,062	16,652	(973)	15,679
	<u>98,091</u>		<u>96,670</u>	<u>82,997</u>		<u>81,929</u>
Non-controlling interest	-	-	-	(3)	-	(3)
TOTAL EQUITY	<u>98,091</u>		<u>96,670</u>	<u>82,994</u>		<u>81,926</u>

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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			
	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2018	2017 (Restated)	2018	2017 (Restated)
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	(0.61)	(0.41)	(0.49)	(0.89)
- Weighted average number of ordinary shares ('000)	672,988	672,988	672,988	671,995
(b) On a fully diluted basis (cents per share)	(0.61)	(0.40)	(0.49)	(0.84)
- Adjusted weighted average number of ordinary shares ('000)	672,988	685,406	674,228	707,249

- (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 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	
	31/12/2018	31/12/2017 (Restated)	31/12/2018	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)	11.73	12.17	10.15	10.11
Total number of shares in issue	672,988,500	672,988,500	672,988,500	672,988,500

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) **4QFY2018 vs 4QFY2017**

For 4QFY2018, the Group reported a net loss of approximately S\$4.1 million compared to net loss of approximately S\$2.7 million reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue increased by 46.9% from S\$53.2 million in 4QFY2017 to S\$78.2 million in 4QFY2018. The increase in revenue is due to the progress of on-going projects in 2018.

Major revenue contributors in 4QFY2018 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 loss of S\$542,000 in 4QFY2018 compared to gross loss of S\$2.0 million in 4QFY2017. The gross loss margin for 4QFY2018 was -0.7% compared to gross loss margin for 4QFY2017 of -3.8%.

As announced on 26 February 2019, the Group received the grant of arbitration award ("Award") by an arbitrator against the Company's wholly-owned subsidiary, Soil-Build (Pte) Ltd ("SBPL"), in connection with an arbitration commenced by SBPL against a sub-contractor for damages suffered due to the sub-contractor's delay in the completion of its sub-contracted work for a construction project. Under the award, the sub-contractor is not liable to pay SBPL any damages for delay, liquidated or otherwise, and SBPL is liable to pay the sub-contractor the balance of the amount due to the sub-contractor (of approximately S\$1.4 million without taking into account, amongst other, accrued interest payable) which was originally anticipated to be not payable as a result of the sub-contractor's delay in the completion of its sub-contracted work prior to the launch of the arbitration.

The award has resulted in the Company having to recognise S\$5.3 million additional cost of sales in respect of the relevant construction project for 4Q2018, which include (a) the amount of S\$1.4 million as mentioned in the above; (b) damages previously deemed receivable; and (c) interest, prolongation cost and legal fee. Excluding the recognition of these additional cost of sales amounting to S\$5.3 million, the Group's gross profit for 4QFY2018 would have been approximately S\$4.7 million, and the Group's gross profit margin for 4QFY2018 would have been 6.1%.

Other Income

Other income increased by approximately S\$401,000 mainly due to increase in rental income received in 4QFY2018.

Other Losses

Other losses (net) of approximately S\$45,000 in 4QFY2018 were mainly attributable to loss on disposal of a subsidiary of approximately S\$45,000.

Administrative Expenses

Administrative expenses increased marginally from S\$1.89 million in 4QFY2017 to S\$1.91 million in 4QFY2018 due to increase in certain professional fees including legal and consultancy fees.

Finance Expenses

The increase in finance expenses in 4QFY2018 was mainly due to increase in bank borrowings during the quarter.

Other Operating Expenses

The increase in other operating expenses in 4QFY2018 was mainly due to increase in depreciation on property, plant and machinery during the quarter.

Share of Profit of Joint Ventures

The share of losses of its joint ventures in 4QFY2018 as compared to the share of profit of joint ventures in the comparative quarter was mainly due to completion of construction projects and expenses incurred by the joint ventures.

(b) 12MFY2018 vs 12MFY2017

For 12MFY2018, the Group reported a net loss of approximately S\$3.3 million compared to net loss of approximately S\$6.0 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue increased by 4.5% from S\$199.6 million in 12MFY2017 to S\$208.6 million in 12MFY2018. The increase in revenue is attributable to increase in construction activities during 12MFY2018.

Major revenue contributors in 12MFY2018 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\$6.6 million in 12MFY2018 compared to gross profit of S\$0.2 million in 12MFY2017. The gross profit margin for 12MFY2018 has increased from 0.1% to 3.2% as a result of overall cost savings achieved on certain private projects during the period.

The Group's gross profit and gross profit margin for 12MFY2018 were negatively impacted by the arbitration award as disclosed in paragraph 8 (a) above. Excluding the recognition of the additional cost of sales amounting to S\$5.3 million, the Group's gross profit for 12MFY2018 would have been approximately S\$11.9 million, and the Group's gross profit margin for 12MFY2018 would have been 5.7%.

Other Income

Other income increased by approximately S\$0.7 million mainly due to increase rental income received in 12MFY2018.

Other Losses

Other losses (net) of approximately S\$102,000 in 12MFY2018 were mainly attributable to foreign exchange loss of approximately S\$91,000 and loss on disposal of a subsidiary of approximately S\$45,000, partially offset by gain on disposal of property, plant and equipment.

Administrative Expenses

Administrative expenses decreased from S\$7.6 million in 12MFY2017 to S\$6.8 million in 12MFY2018 mainly due in the decrease in various administrative expenses including overall payroll and rental expenses.

Finance Expenses

The increase in finance expenses in 12MFY2018 was mainly due to increase in bank borrowings during the period under review.

Other Operating Expenses

The increase in other operating expenses in 12MFY2018 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\$143,000 in the share of profit of its joint ventures in 12MFY2018 as compared to a gain of approximately S\$594,000 in the comparative period.

Income tax expenses

The Group recognised income tax expenses of approximately S\$0.9 million in 12MFY2018 mainly due to (i) income tax arising from overseas subsidiaries at a higher income tax rate which are not available to offset income tax loss in Singapore, (ii) expenses not deductible for tax purposes (i.e. depreciation on building), and (iii) tax under-provided in prior year.

9

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

Save for the explanation in paragraph 8, there is no material deviation in the actual results for the 4QFY2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 September 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 15 February 2019, the Singapore economy grew by 1.9% on a year-on-year ("yoy") basis in the fourth quarter of 2018, easing from the 2.4% growth in the previous quarter. The construction sector contracted by 1.0% (on a yoy basis), a more gradual pace of decline as compared to the 2.3% contraction in the previous quarter. The output of the sector was weighed down by the weakness in public sector construction works.

During 4QFY2018, the Group secured two construction contracts worth approximately S\$153.3 million in aggregate, leading to a total of S\$163.8 million worth of construction contracts win for FY2018.

The construction of the Group's ICPH, as well as the installation of its automated plant and machineries have been completed in December 2018. Meanwhile, during FY2018, the Group's Precast and Prefabrication division has secured its maiden contract of approximately S\$13.7 million to supply and deliver precast components to a HDB project. The production of the precast components for this contract will take place in the Group's ICPH, as well as the newly acquired precast and PPVC manufacturing facilities located in Malaysia.

The Group expects the demand for construction activities in the local market to remain competitive. Continual efforts will be extended to tender for more new construction projects. Concurrently, the Group will also implement strategies to secure more supply and delivery contracts for precast components.

The Group's order book as at 31 December 2018 amounted to S\$400.7 million, which comprise S\$387.0 million (of which, S\$261.6 million from local projects, S\$125.4 million from Myanmar projects) of construction projects, and S\$13.7 million of precast and prefabrication supply contract.

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

Please refer to item 18.

(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.

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)
<p><u>Transactions during 4QFY2018</u></p> <p><u>Asian Worldwide Services Pte Ltd</u> Shipping and cargo clearance services for construction equipment and materials</p>	<p>S\$'000</p> <p>-</p>	<p>S\$'000</p> <p>106</p>

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

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

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- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Singapore S\$'000	Myanmar S\$'000	Malaysia S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
Year ended 31 December 2018						
Revenue						
External customers	157,811	50,773	-	-	-	208,584
Inter-segment revenue	532	-	-	-	(532)	-
Total revenue	158,343	50,773	-	-	(532)	208,584
Result						
Segment result before interest	(7,682)	5,492	(230)	(22)	-	(2,442)
Interest income						31
Loss before tax						(2,411)
Tax						(871)
Loss after tax						(3,282)
Segment results include:						
- Depreciation of property, plant and equipment	3,093	247	70	1	-	3,411
- Amortisation of intangible assets	125	-	-	-	-	125
- Amortisation of land lease prepayment	1,125	59	2	-	-	1,186
- Share of profit of joint ventures	143	-	-	-	-	143
Segment assets	202,146	47,595	8,486	66	(19,383)	238,910
Segment assets includes:						
Investment in joint ventures	525	-	-	-	-	525
Additions to:						
- Property, plant and equipment	37,279	580	13,530	24	-	51,413
- Intangible assets	-	-	-	-	-	-
- Land lease prepayment	2,892	-	2,059	-	-	4,951
Segment liabilities	(141,358)	(32,173)	(5,501)	(318)	19,383	(159,967)

	Singapore S\$'000	Myanmar S\$'000	Malaysia S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
Year ended 31 December 2017 (Restated)						
Revenue						
External customers	172,182	27,424	-	-	-	199,606
Inter-segment revenue	2,716	-	-	-	(2,716)	-
Total revenue	174,898	27,424	-	-	(2,716)	199,606
Result						
Segment result before interest	(9,316)	1,629	-	-	45	(7,642)
Interest income						47
Loss before tax						(7,595)
Tax						1,621
Loss after tax						(5,974)
Segment results include:						
- Depreciation of property, plant and equipment	2,229	182	-	-	-	2,411
- Amortisation of intangible assets	80	-	-	-	-	80
- Amortisation of land lease prepayment	946	36	-	-	-	982
- Share of profit of joint ventures	594	-	-	-	-	594
Segment assets	185,397	27,550	-	-	(21,836)	191,111
Segment assets includes:						
Investment in joint ventures	943	-	-	-	-	943
Additions to:						
- Property, plant and equipment	33,185	1,325	-	-	(491)	34,019
- Intangible assets	356	-	-	-	-	356
- Land lease prepayment	2,788	2,764	-	-	-	5,552
Segment liabilities	(107,118)	(23,903)	-	-	21,836	(109,185)

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable as there are no material changes in contributions to turnover and earnings by the business or geographical segments.

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17 A breakdown of sales

	The Group			
	Financial year ended 31/12/2018	Financial year ended 31/12/2017 (Restated)	Increase/(Decrease)	
	\$'000	\$'000	\$'000	%
(a) Sales reported for first half year	83,890	111,947	(28,057)	-25%
(b) Operating profit after taxation reported for the first half year	731	3,102	(2,371)	-76%
(c) Sales reported for second half year	124,694	87,659	37,035	42%
(d) Operating loss after taxation reported for the second half year	(4,013)	(9,076)	5,063	56%

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend

	Financial year ended 31 December 2018	Financial year ended 31 December 2017
	(\$'000)	(\$'000)
Interim dividends	-	-
Proposed final dividend*	-	-
Proposed special dividend*	-	-
Total	-	-

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Non-Executive Director

27 February 2019