



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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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		Change
	2019	2018	
	S\$'000	S\$'000	%
Revenue	46,756	38,962	20.0
Cost of sales	(44,320)	(36,282)	22.2
Gross profit	2,436	2,680	(9.1)
Gross profit margin	5.2%	6.9%	(1.7)
Other income	775	352	120.2
Other losses, net	(63)	(397)	(84.1)
Expenses			
Administrative	(2,164)	(1,560)	38.7
Marketing	(1)	-	NM
Finance	(388)	(60)	546.7
Others	(1,361)	(714)	90.6
Share of (loss)/profit of joint ventures	(2)	44	NM
(Loss)/profit before income tax	(768)	345	NM
Income tax expense	(119)	(139)	(14.4)
Net (loss)/profit	(887)	206	NM
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(70)	92	NM
Total comprehensive (loss)/profit	(957)	298	NM
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company	(957)	298	NM
Non-controlling interests	-	-	-
	(957)	298	NM

NM : Not meaningful

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Notes to the consolidated statement of comprehensive income

	First Quarter Ended	
	31 March	
	2019	2018
	S\$'000	S\$'000
(I) Other income		
Interest income	6	9
Service income	69	141
Rental income	572	90
Others (including wage credit and grants received)	128	112
	775	352
(II) Other losses, net		
Loss on disposal of property, plant and equipment, net	-	(42)
Foreign exchange losses	(63)	(355)
	(63)	(397)
(III) (Loss)/profit before income tax is arrived at after charging:		
Amortisation of intangible assets	(30)	(32)
Depreciation of property, plant and equipment	(1,364)	(676)
Amortisation of land lease prepayments	(315)	(271)
Amortisation of right of use, land lease	(57)	-
Loss on disposal of property, plant and equipment, net	-	(42)
(IV) Income tax expense		
Tax expense attributable to (loss)/profit is made up of:		
Profit from current financial period:		
- current income tax	(119)	(139)
- deferred income tax	-	-
	(119)	(139)
Under provision in prior financial period:		
- current income tax	-	-
- deferred income tax	-	-
	(119)	(139)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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	
	31/3/2019 S\$'000	31/12/2018 S\$'000	31/3/2019 S\$'000	31/12/2018 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,889	15,252	431	354
Trade and other receivables	76,590	70,175	49,980	53,468
Other current assets	2,007	1,387	25	8
Inventory	261	-	-	-
Income tax recoverable	103	-	-	-
	91,850	86,814	50,436	53,830
Non-current assets				
Trade and other receivables	7,914	7,305	-	-
Investments in subsidiaries	-	-	32,021	32,021
Investments in joint ventures	523	525	-	-
Property, plant and equipment	102,237	101,891	-	-
Intangible assets	300	330	-	-
Land lease prepayment	33,601	33,928	-	-
Right of use - Land lease	589	-	-	-
Deferred tax assets	831	831	-	-
	145,995	144,810	32,021	32,021
Total assets	237,845	231,624	82,457	85,851
LIABILITIES				
Current liabilities				
Trade and other payables	85,754	96,018	14,028	17,479
Borrowings	20,067	51,554	-	-
Current income tax liabilities	627	436	84	85
Lease liability	167	-	-	-
Provision for other liabilities	1,287	1,490	-	-
	107,902	149,498	14,112	17,564
Non-current liabilities				
Trade and other payables	4,534	3,183	-	-
Borrowings	47,000	-	-	-
Lease liability	423	-	-	-
	51,957	3,183	-	-
Total liabilities	159,859	152,681	14,112	17,564
NET ASSETS	77,986	78,943	68,345	68,287
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	(219)	(149)	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	11,550	12,437	620	562
	77,986	78,943	68,345	68,287
Non-controlling interest	-	-	-	-
TOTAL EQUITY	77,986	78,943	68,345	68,287

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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\$6.2 million from S\$231.6 million as at 31 December 2018 to S\$237.8 million as at 31 March 2019, mainly due to the increase in both current and non-current trade and other receivables of S\$7.0 million, which were partially offset by the decrease in cash and cash equivalent of S\$2.4 million.

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 cash and cash equivalents of S\$2.4 million was explained in the Consolidated Statement of Cash Flow.

Total liabilities increased by S\$7.2 million from S\$152.7 million as at 31 December 2018 to S\$159.8 million as at 31 March 2019, mainly due to (i) the increase in borrowings of S\$15.5 million and partially offset by the decrease in current and trade and other payables of S\$10.2 million. The increase in borrowing is due to drawdown of short term bank loans to finance the operation of the Group, while the decrease in current trade and other payables were mainly due to payment to suppliers and sub-contractors.

During the quarter ended 31 March 2019, the Group secured the waiver letter from the bank for the breach of a loan covenant in relation to the maintenance of debt service ratio of the Group for the financial year ended 31 December 2018. Upon the receipt of the waiver letter, the bank facilities remain available to the Group and the repayment terms remain unchanged. Accordingly, the Group reclassified certain portion of the bank loans which are repayable more than 12 months from 31 March 2019 to non-current liabilities as at 31 March 2019.

As at 31 March 2019, the Group's current liabilities, amounting to S\$107.9 million, exceeded its current assets, amounting to S\$91.9 million, by S\$16.0 million. The negative working capital position was due mainly to timing difference arising from the significant capital investment by the Group in recent years (i.e. investment in the Group's ICPH projects, 2 factories in Tuan South Link, as well as the acquisition of manufacturing plants in Malaysia). The Group is finalising the long term funding arrangement to support these investment.

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

	As at 31 Mar 2019	As at 31 December 2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- Secured	3,000	50,000
- Unsecured	17,067	1,554
Amount repayable after one year		
- Secured	47,000	-
- Unsecured	-	-

The Group's total borrowings of S\$67.1 million comprise (i) a term loan of S\$50.0 million, and (ii) short term bank loans for the purposes as more explained in the above.

Details of any collaterals

The Group's term loan amounting to S\$50.0 million as at 31 March 2019 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

	First Quarter Ended 31 March	
	2019 S\$'000	2018 S\$'000
Cash flows from operating activities		
Net (loss)/profit	(887)	206
Adjustments for:		
- Amortisation of intangible assets	30	32
- Depreciation of property, plant and equipment	1,364	676
- Amortisation of land lease prepayment	315	271
- Interest income	(6)	(9)
- Interest expense	388	60
- Income tax expense	119	139
- Loss on disposal of property, plant and equipment	-	42
- Share of (loss)/profit of joint ventures	2	(44)
Operating cash flows before working capital changes	1,325	1,373
Changes in working capital:		
- Trade and other receivables	(7,024)	1,920
- Other current assets	(620)	1,295
- Inventory	(261)	-
- Trade and other payables	(8,972)	(17,794)
- Provision for other liabilities	(203)	529
Cash used in operations	(15,755)	(12,677)
Income tax paid	(30)	(426)
Net cash used in operating activities	(15,785)	(13,103)
Cash flows from investing activities		
Additions to property, plant and equipment	(1,744)	(11,363)
Proceeds from disposal of property, plant and equipment	158	26
Distribution received from a joint venture	-	111
Interest received	6	9
Net cash used in investing activities	(1,580)	(11,217)
Cash flows from financing activities		
Proceeds from bank loans	15,522	11,780
Interest paid	(328)	(46)
Net cash provided by financing activities	15,194	11,734
Net decrease in cash and cash equivalents	(2,171)	(12,586)
Cash and cash equivalents at beginning of financial period	15,252	27,871
Effects of currency translation on cash and cash equivalents	(192)	168
Cash and cash equivalents at end of financial period	12,889	15,453
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and on hand	12,889	15,453

Operating Activities

During the first quarter ended 31 March 2019 ("1QFY2019"), the net cash outflow from operating activities amounted to S\$15.8 million as compared to net cash outflow of S\$13.1 million in the comparative quarter. The cash outflow from operating activities in 1QFY2019 was mainly attributable to the decrease in payables to suppliers and subcontractors as well as increase in receivables from customers during the period.

Investing Activities

For 1QFY2019, cash outflow from investing activities of S\$1.6 million as compared to S\$11.2 million in the comparative quarter. The cash outflow in 1QFY2019 was mainly attributable to the construction cost capitalised for the Group's factory located in Tuas South Link, Singapore.

Financing Activities

For 1QFY2019, the cash inflow from financing activities was due to proceeds from bank loans which were drawdown to finance the working capital for the operation during the quarter.

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 2019	59,597	8,128	(1,070)	(149)	-	12,437	78,943	-	78,943
Loss for the period	-	-	-	-	-	(887)	(887)	-	(887)
Other comprehensive loss for the period	-	-	-	(70)	-	-	(70)	-	(70)
Total comprehensive loss for the period	-	-	-	(70)	-	(887)	(957)	-	(957)
Balance as at 31 March 2019	59,597	8,128	(1,070)	(219)	-	11,550	77,986	-	77,986
Balance as at 31 December 2017									
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
Profit for the period	-	-	-	-	-	206	206	-	206
Other comprehensive profit for the period	-	-	-	92	-	-	92	-	92
Total comprehensive period for the period	-	-	-	92	-	206	298	-	298
Balance as at 31 March 2018	59,597	8,128	(1,070)	(313)	-	15,885	82,227	(3)	82,224

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 2019	59,597	8,128	-	562	68,287
Profit for the period	-	-	-	58	58
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	58	58
Balance as at 31 March 2019	59,597	8,128	-	620	68,345
Balance as at 1 January 2018	59,597	8,128	-	343	68,068
Profit for the period	-	-	-	43	43
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	43	43
Balance as at 31 March 2018	59,597	8,128	-	386	68,111

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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 1QFY2019, there are no warrants being exercised. The total number of outstanding warrants is 166,683,500 as at 31 March 2019.

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

	No. of Warrants
As at 1 January 2019	166,683,500
Less : Warrants exercised during the period	-
As at 31 March 2019	166,683,500

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 2019	672,988,500
Add : Issuance of shares pursuant to exercise of warrants	-
As at 31 March 2019	672,988,500

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2019.

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 March 2019 comprised 672,988,500 ordinary shares (31 December 2018: 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 March 2019.

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 2018 except in the current financial year, the Group and the Company has adopted all the new and revised standards, including SFRS (I) 16 *Leases*, which are effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised standards did not have any significant 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 FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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	
	2019	2018
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	(0.13)	0.03
- Weighted average number of ordinary shares ('000)	672,989	672,989
(b) On a fully diluted basis (cents per share)	(0.13)	0.03
- Adjusted weighted average number of ordinary shares ('000)	672,989	671,996

- (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	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
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)	11.59	11.73	10.16	10.15
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) **1QFY2019 vs 1QFY2018**

For 1QFY2019, the Group reported a net loss of approximately S\$0.9 million compared to net profit of approximately S\$0.2 million reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue increased by 20.0% from S\$39.0 million in 1QFY2018 to S\$46.8 million in 1QFY2019. The increase in revenue is due to the progress of on-going projects in 2019. These on-going projects included those newly secured in 2018 and 2019.

Major revenue contributors in 1QFY2019 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).

In 1QFY2019, while trial production of precast and prefabrication were undertaken the Group's ICPH, the Precast and Pre-fabrication division started to register revenue amounting to approximately S\$0.5 million for sales of its products.

The Group reported a gross profit of S\$2.4 million in 1QFY2019 compared to gross profit of S\$2.7 million in 1QFY2018. The gross profit for 1QFY2019 was 5.2% compared to gross profit margin for 1QFY2018 of 6.9%.

Other Income

Other income increased by approximately S\$423,000 mainly due to increase in rental income received in 1QFY2019.

Other Losses

Other losses (net) of approximately S\$63,000 in 1QFY2019 were mainly attributable to loss on foreign exchange.

Administrative Expenses

Administrative expenses increased from S\$1.56 million in 1QFY2018 to S\$2.2 million in 1QFY2019 due to mainly to (i) increase in property tax for the factories and building of the Group in 2019, and (ii) increase in utilities charges and other administrative expenses.

Finance Expenses

The increase in finance expenses in 1QFY2019 was mainly due to higher borrowings in 1QFY2019 compared to borrowings in 1QFY2018.

Other Operating Expenses

The increase in other operating expenses in 1QFY2019 was mainly due to increase in depreciation on property, plant and machinery during the quarter, in particular those property, plant and equipment acquired or completed in the second half of 2018 and were started to depreciate.

Income tax expenses

The Group recognised income tax expenses of approximately S\$0.1 million in 1QFY2019 mainly due to net profit before tax reported by the Group's subsidiaries in Myanmar.

Net (Loss)/Profit after tax

With the impact of the increase in administrative expenses (mainly due to increase in property taxes) as well as the increase in other operating expenses as a result of higher depreciation charges, the Group reported a net loss after tax of approximately S\$0.9 million.

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 1QFY2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 31 December 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 12 April 2019, the Singapore economy grew by 1.3% on a year-on-year ("yoy") basis in the first quarter of 2019, moderating from the 1.9% growth in the fourth quarter of 2018. The construction sector grew by 1.4% (on a yoy basis), which represented a turnaround from the 1.0% decline in the last quarter of 2018, and also marked the first quarter of positive growth following 10 consecutive quarters of decline. The recovery of the sector was supported by an improvement in private sector construction activities.

During 1QFY2019, the Group secured two construction contracts worth approximately S\$85.3 million in aggregate. The Group expects these new contracts, comprising projects to erect multiple-user general industrial developments at Tuas Bay area, to contribute revenue and project profit to the Group in FY2019.

During 1QFY2019, in addition to its first contract to supply and delivery precast components secured in 2018, the Group secured a total of five contracts to supply and delivery of precast components with value approximately S\$3.3 million.

The Group will continue to focus in tendering for more new construction projects. The Group is encouraged by the precast products enquiries received from potential customers, and shall execute its strategies to secure more contracts in the local market.

The Group's order book as at 31 March 2019 amounted to S\$445.6 million, which comprise S\$428.6 million of construction projects, and S\$17.0 million of precast and prefabrication supply contract. For the construction project order book, S\$315.2 million are projects in Singapore while S\$113.4 million are projects in Myanmar.

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

No.

(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)
Transactions during 1QFY2019 <u>Soilbuild Group Holdings Ltd. & its subsidiaries</u> Award of construction contracts	S\$'000 -	S\$'000 85,320

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).

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 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman
7 May 2019

Ho Toon Bah
Non-Executive Director