



SOILBUILD CONSTRUCTION GROUP LTD.
(Incorporated in Singapore. Registration Number: 201301440Z)
AND ITS SUBSIDIARIES

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS**

For the six months ended 30 June 2023

SOILBUILD CONSTRUCTION GROUP LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**
For the six months ended 30 June 2023

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**SOILBUILD CONSTRUCTION GROUP LTD.
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

	Note	The Group		Change %
		6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000	
Revenue	4	128,721	142,248	(9.5)
Cost of sales		(121,234)	(140,751)	(13.9)
Gross profit		7,487	1,497	400.0
Other income		3,612	3,229	11.9
Other losses – net		(661)	(757)	(12.7)
Allowance for expected credit losses on financial assets		(468)	-	NM
Expenses				
- Administrative		(4,264)	(4,337)	(1.7)
- Marketing		(7)	(4)	NM
- Finance		(1,797)	(810)	121.9
- Others		(2,607)	(2,488)	4.8
Share of (loss)/profit of joint ventures		(1)	1	NM
Profit/(loss) before income tax	6	1,294	(3,669)	NM
Income tax credit/(expense)	7	63	(47)	NM
Net profit/(loss)		1,357	(3,716)	NM
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation		(235)	186	NM
Total comprehensive income/(loss)		1,122	(3,530)	NM
Profit/ (loss) attributable to equity holders of the Company		1,357	(3,716)	NM
Total comprehensive income/(loss attributable to equity holders of the Company)		1,122	(3,530)	NM
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)				
- Basic	8	0.12	(0.44)	
- Diluted	8	0.12	(0.44)	

NM: Not meaningful

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**SOILBUILD CONSTRUCTION GROUP LTD.
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group		Company	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		21,341	11,093	600	277
Trade and other receivables		69,139	84,792	5,759	3,898
Inventories		4,574	3,778	-	-
Other current assets		6,884	6,201	1	52
		101,938	105,864	6,360	4,227
Non-current assets					
Trade and other receivables		13,044	15,504	45,081	54,633
Other non-current assets		284	57	-	-
Investments in subsidiaries		-	-	106,970	91,970
Investments in joint ventures		7	9	-	-
Property, plant and equipment	10	121,828	123,878	-	-
Intangible assets	11	30	42	-	-
Deferred income tax assets		1,052	1,052	-	-
		136,245	140,542	152,051	146,603
Total assets		238,183	246,406	158,411	150,830
LIABILITIES					
Current liabilities					
Trade and other payables		116,392	115,920	43,400	55,483
Current income tax liabilities		6	69	-	-
Borrowings	12	12,815	35,456	2,508	2,483
Provision for other liabilities		455	3,504	-	-
		129,668	154,949	45,908	57,966
Non-current liabilities					
Trade and other payables		9,485	10,298	-	-
Borrowings	12	59,275	63,609	13,420	14,680
Deferred income tax liabilities		179	179	-	-
		68,939	74,086	13,420	14,680
Total liabilities		198,607	229,035	59,328	72,646
NET ASSETS		39,576	17,371	99,083	78,184
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	92,636	71,553	92,636	71,553
Capital reserve		(1,070)	(1,070)	-	-
Currency translation reserve		(1,774)	(1,539)	-	-
(Accumulated losses)/retained profits		(50,216)	(51,573)	6,447	6,631
TOTAL EQUITY		39,576	17,371	99,083	78,184

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**SOILBUILD CONSTRUCTION GROUP LTD.
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2023

The Group	← Attributable to equity holders of the Company →				
	Share capital \$'000	Capital reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
2023					
Balance as at 1 January 2023	71,553	(1,070)	(1,539)	(51,573)	17,371
Income for the financial period	-	-	-	1,357	1,357
Other comprehensive loss for the financial period	-	-	(235)	-	(235)
Total comprehensive income for the financial period	-	-	(235)	1,357	1,122
Issuance of shares pursuant to the Preferential Offerings of Rights Shares	21,083	-	-	-	21,083
Balance as at 30 June 2023	92,636	(1,070)	(1,774)	(50,216)	39,576
2022					
Balance as at 1 January 2022	71,553	(1,070)	(313)	(19,871)	50,299
Loss for the financial period	-	-	-	(3,716)	(3,716)
Other comprehensive income for the financial period	-	-	186	-	186
Total comprehensive loss for the financial period	-	-	186	(3,716)	(3,530)
Balance as at 30 June 2022	71,553	(1,070)	(127)	(23,587)	46,769

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**SOILBUILD CONSTRUCTION GROUP LTD.
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	← Attributable to equity holders of the Company →		
	Share capital \$'000	Retained profits/ (accumulated losses) \$'000	Total equity \$'000
The Company			
2023			
Balance as at 1 January 2023	71,553	6,631	78,184
Loss for the financial period	-	(184)	(184)
Total comprehensive loss for the financial period	-	(184)	(184)
Issuance of shares pursuant to the Preferential Offerings of Rights Shares	21,083	-	21,083
Balance as at 30 June 2023	92,636	6,447	99,083
2022			
Balance as at 1 January 2022	71,553	7,291	78,844
Loss for the financial period	-	(339)	(339)
Total comprehensive loss for the financial period	-	(339)	(339)
Balance as at 30 June 2022	71,553	6,952	78,505

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**SOILBUILD CONSTRUCTION GROUP LTD.
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

Note	The Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Cash flows from operating activities		
Net profit/(loss)	1,357	(3,716)
Adjustments for:		
- Amortisation of intangible assets	12	73
- Depreciation of property, plant and equipment	4,477	6,227
- Interest income	(2)	(2)
- Interest expense	1,797	810
- Income tax (credit)/expense	(63)	47
- (Gain)/loss on disposal of property, plant and equipment	(2)	18
- Allowance for expected credit losses on financial assets	468	-
- Share of (loss)/profit of joint ventures	1	(1)
Operating cash flows before working capital changes	8,045	3,456
Changes in working capital:		
- Trade and other receivables	17,645	(25,844)
- Other current assets	(682)	287
- Inventories	(796)	(114)
- Other non-current assets	(226)	(75)
- Trade and other payables	(466)	26,183
- Provision for other liabilities	(3,048)	(955)
Cash generated from operations	20,472	2,938
Income tax paid	-	(408)
Net cash provided by operating activities	20,472	2,530
Cash flows from investing activities		
Additions to property, plant and equipment	(3,703)	(1,925)
Government grant relating to property, plant and equipment received	551	-
Proceeds from disposal of property, plant and equipment	2	152
Interest received	2	2
Net cash used in investing activities	(3,148)	(1,771)
Cash flows from financing activities		
Proceeds from bank loans	6,338	30,143
Repayment of bank loans	(32,943)	(27,522)
Proceeds from Preferential Offerings of Rights Shares	21,083	-
Principal repayment of lease liabilities	(395)	(450)
Interest paid	(1,673)	(738)
Net cash (used in)/provided by financing activities	(7,590)	1,433
Net increase in cash and cash equivalents	9,734	2,192
Cash and cash equivalents at beginning of financial period	11,093	16,991
Effects of currency translation on cash and cash equivalents	513	712
Cash and cash equivalents at end of financial period	21,340	19,895

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2023

1. Corporate information

Soilbuild Construction Group Ltd (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are that of investment holding.

The principal activities of the Group are:

- (a) building contractors;
- (b) manufacturing of construction materials and parts; and
- (c) project management.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Going concern

The Group's and the Company's current liabilities exceed its current assets by \$27,730,000 and \$39,548,000 respectively as at 30 June 2023.

The condensed interim financial statements have been prepared on a going concern basis due to the following reasons:

- a) The Group has generated profits amounting to \$1,357,000 and positive operating cash flows amounting to \$20,472,000 during the financial period ended 30 June 2023, which represents a recovery of the Group's construction and precast manufacturing operations from the adverse impact of the COVID-19 pandemic.

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For the six months ended 30 June 2023

2. Basis of preparation (continued)

Going concern (continued)

- b) The Group has existing bank facilities which have yet to be utilised amounting to \$48,656,000 as at 30 June 2023 in which it can tap on for its funding requirements. In addition, the Group has existing banking relationships with a number of banks and will be able to obtain additional funding from the banks when required.
- c) Based on the Group's cashflow forecast prepared by management and approved by the Board of Directors for the next twelve months, which has incorporated the Group's strong order books amounting to \$564,274,000 and available banking facilities as at 30 June 2023, management believes that the Group will be able to pay its debts as and when they fall due for the next 12 months.
- d) The Company's current liabilities mainly relates to loans from subsidiaries and amount due to subsidiaries amounting to a total of \$42,890,000. Management does not expect that the subsidiaries would demand for repayment of these amounts within the next 12 months.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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For the six months ended 30 June 2023

2. Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

Construction contracts:

The Group has significant ongoing construction contracts for building works. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the building works. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Management has to estimate these total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately. Significant judgement is used to estimate these total construction contract costs that will affect the revenue and profit margins recognised from construction contracts. In making the judgement, the Group evaluates and places reliance on past experience, estimates from quantity surveyors and value of work performed as determined by the architects. If the estimated total construction cost of uncompleted contracts increase/decrease by 2%(2022: 2%) from management's estimates, the effects on the Group's net profit after tax (2022: net loss after tax) will be as follows:

	Increase/(Decrease)	
	6 months	6 months
	ended 2023	ended 2022
	\$'000	\$'000
Estimated total construction cost		
- increased by 2% (2022: 2%)	(8,013)	10,889
- decreased by 2% (2022: 2%)	<u>7,688</u>	<u>(10,105)</u>

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into three primary geographic areas namely Singapore, Myanmar and Malaysia. The Singapore geographic area is engaged both in construction and precast manufacturing business while Myanmar geographic area is engaged only in construction and Malaysia geographic area is engaged only in precast manufacturing business. These operating segments are reported in a manner consistent with internal reporting provided to senior management who are responsible for allocating resources and assessing performance of the operating segments. Senior management comprises the Executive Chairman, Executive Director and Chief Executive Officer, Construction Business and are the Group's chief operating decision-maker.

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For the six months ended 30 June 2023

4.1 Reportable segments

The segment information provided to senior management for the reportable segments is as follows:

	← Construction \$'000	Singapore Precast \$'000	Others \$'000	← Construction \$'000	Myanmar Others \$'000	Malaysia Precast \$'000	Others \$'000	Elimination \$'000	Total \$'000
Group									
1 January 2023 to 30 June 2023									
Revenue									
External customers	110,970	15,604	-	2,147	-	-	-	-	128,721
Inter-segment revenue	226	779	-	-	-	1,828	-	(2,833)	-
	<u>111,196</u>	<u>16,383</u>	<u>-</u>	<u>2,147</u>	<u>-</u>	<u>1,828</u>	<u>-</u>	<u>(2,833)</u>	<u>128,721</u>
Result									
Segment result before interest	3,176	569	(192)	(952)	(56)	(927)	-	(322)	1,296
Interest income									(2)
Profit before income tax									<u>1,294</u>
Income tax expense									63
Net profit									<u>1,357</u>
Segment results include:									
- Depreciation of property, plant and equipment	2,263	1,353	-	105	29	727	-	-	4,477
- Amortisation of intangible assets	10	2	-	-	-	-	-	-	12
- Share of loss of joint ventures	(1)	-	-	-	-	-	-	-	(1)
Segment assets	<u>166,028</u>	<u>12,249</u>	<u>434</u>	<u>15,191</u>	<u>9,706</u>	<u>34,563</u>	<u>12</u>	<u>-</u>	<u>238,183</u>
Segment assets includes:									
Investment in joint ventures	7	-	-	-	-	-	-	-	7
Additions to:									
- Property, plant and equipment	6	455	-	-	1,273	1,969	-	-	3,703
- Intangible assets	-	-	-	-	-	-	-	-	-
Segment liabilities	<u>(139,940)</u>	<u>(20,708)</u>	<u>(16,459)</u>	<u>(17,468)</u>	<u>(5)</u>	<u>(4,019)</u>	<u>(8)</u>	<u>-</u>	<u>(198,607)</u>

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4.1 Reportable segments (continued)

The segment information provided to senior management for the reportable segments is as follows: (continued)

	← Construction \$'000	Singapore Precast \$'000	Others \$'000	← Construction \$'000	Myanmar Others \$'000	Malaysia Precast \$'000	Others \$'000	Elimination \$'000	Total \$'000
<u>Group</u>									
1 January 2022 to 30 June 2022									
Revenue									
External customers	123,704	16,417	-	2,127	-	-	-	-	142,248
Inter-segment revenue	883	8,181	-	-	-	14,767	-	(23,831)	-
	<u>124,587</u>	<u>24,598</u>	<u>-</u>	<u>2,127</u>	<u>-</u>	<u>14,767</u>	<u>-</u>	<u>(23,831)</u>	<u>142,248</u>
Result									
Segment result before interest	(2,145)	(86)	(347)	276	(56)	(1,565)	(3)	255	(3,671)
Interest income									<u>2</u>
Loss before income tax									(3,669)
Income tax expense									<u>(47)</u>
Net loss									<u>(3,716)</u>
Segment results include:									
- Depreciation of property, plant and equipment	2,399	1,266	-	125	29	2,408	-	-	6,227
- Amortisation of intangible assets	41	32	-	-	-	-	-	-	73
- Share of profit of joint ventures	1	-	-	-	-	-	-	-	1
Segment assets	<u>164,088</u>	<u>39,038</u>	<u>395</u>	<u>23,433</u>	<u>3,085</u>	<u>36,246</u>	<u>13</u>	<u>-</u>	<u>266,298</u>
Segment assets includes:									
Investment in joint ventures	13	-	-	-	-	-	-	-	13
Additions to:									
- Property, plant and equipment	-	1,102	-	-	469	354	-	-	1,925
- Intangible assets	-	-	-	-	-	-	-	-	-
Segment liabilities	<u>(162,687)</u>	<u>(12,893)</u>	<u>(18,590)</u>	<u>(19,973)</u>	<u>(5)</u>	<u>(5,373)</u>	<u>(8)</u>	<u>-</u>	<u>(219,529)</u>

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4.2 Disaggregation of revenue

	<u>Over time</u>		<u>At a point in time</u>		<u>Total</u>	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Construction						
- Singapore	110,970	118,299	-	-	110,970	118,299
- Myanmar	2,147	2,127	-	-	2,147	2,127
	113,117	120,426	-	-	113,117	120,426
Precast manufacturing						
- Singapore	-	-	15,604	16,580	15,604	16,580
	-	-	15,604	16,580	15,604	16,580
Others	-	5,242	-	-	-	5,242
Total	113,117	125,668	15,604	16,580	128,721	142,248

Revenue contribution from a single region is disclosed separately when it exceeds 10% of the Group's revenue respectively.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and bank balances and trade and other receivables (Amortised cost)	83,054	67,134	51,412	58,804
	83,054	67,134	51,412	58,804
Financial liabilities				
Trade and other payables and borrowings (Amortised cost)	160,655	181,399	59,328	72,646
	160,655	181,399	59,328	72,646

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6. Profit/(loss) before taxation

6.1 Significant items

	<u>Group</u>	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Other Income		
Government grants	897	1,258
Rental income	1,804	1,366
Service income	497	255
Interest income	2	2
Others	412	348
	3,612	3,229
Other gains/(losses) – net		
Gain/(loss) on disposal of property, plant and equipment, net	2	(18)
Foreign exchange losses	(663)	(756)
Others	-	17
	(661)	(757)
Expenses		
Depreciation of property, plant and equipment	(4,477)	(6,227)
Amortisation of intangible assets	(12)	(73)

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6.2 Related party transactions

In addition to the information shown elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed by the parties:

	<u>Group</u>	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Revenue from construction contracts from related parties#	50,032	96,076
Rental income charged to related parties#	166	166
Renovation/reinstatement services received/receivable from related parties#	-	8
Other service income received/receivable from related parties#	11	12
Share of common overheads paid/payable to related parties#	569	39
Share of common overheads received/receivable from related parties#	112	52
	112	52

Related parties pertain to a director and his associates and companies which are wholly-owned or jointly-owned by a director of the company.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit/(expense) in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Tax credit/(expense) attributable to loss is made up of:		
Profit/(loss) from current financial year:		
- Current income tax	(6)	5
	(6)	5
Over/(under) provision in prior financial years:		
- Current income tax	69	(52)
	63	(47)

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8. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	6 months ended 30 June 2023	6 months ended 30 June 2022
Net profit/(loss) attributable to equity holders of the Company (\$'000)	<u>1,357</u>	(3,716)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	<u>1,173,779</u>	841,236
Basic earnings/(loss) per share (cents per share)	<u>0.12</u>	(0.44)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The Company has no dilutive potential ordinary share during the financial period ended 30 June 2023 and 30 June 2022.

There are no dilutive effects for the Soilbuild Construction Performance Share Plan ("PSP") as there are no outstanding performance share awards granted during the financial period ended 30 June 2023 and 30 June 2022.

There are no dilutive effects for the warrants outstanding during the financial period ended 30 June 2023 and 30 June 2022 as the exercise price of the warrants exceed the average market price of the shares.

	6 months ended 30 June 2023	6 months ended 30 June 2022
Net earnings/(loss) attributable to equity holders of the Company (\$'000)	<u>1,357</u>	(3,716)
Weighted average number of ordinary shares outstanding for diluted earnings/(loss) per share ('000)	<u>1,173,779</u>	841,236
Diluted earnings/(loss) per share (cents per share)	<u>0.12</u>	(0.44)

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For the six months ended 30 June 2023

9. Net asset value

	<u>Group</u>		<u>Company</u>	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net asset value per ordinary share (cents)	<u>2.69</u>	2.06	<u>6.73</u>	9.29
Total number of shares in issue ('000)	<u>1,472,162</u>	841,236	<u>1,472,162</u>	841,236

10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$3,703,000 (30 June 2022: S\$1,925,000) and disposed of assets amounting to S\$Nil (30 June 2022: S\$170,000).

11. Intangible assets

Acquired computer software licences

	<u>Group</u>	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
<i>Cost</i>		
Beginning and end of financial period	<u>1,221</u>	1,221
<i>Accumulated amortisation</i>		
Beginning of financial period	1,179	1,066
Amortisation charge (Note 6)	12	73
End of financial period	<u>1,191</u>	1,139
Net book value	<u>30</u>	82

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12. Borrowings

	<u>Group</u>	
	30 June	31 December
	2023	2022
	\$'000	\$'000
Amount repayable in one year, or on demand		
- Secured	7,369	7,425
- Unsecured	5,446	28,031
	<u>12,815</u>	<u>35,456</u>
Amount repayable after one year		
- Secured	45,330	48,166
- Unsecured	13,945	15,443
	<u>59,275</u>	<u>63,609</u>

The Group's total borrowings of S\$72.1 million comprise (i) term loans of S\$48.7 million, (ii) property loan of S\$4.0 million, (iii) temporary bridging loan of S\$6.0 million, (iv) hire purchase loans of S\$1.0 million, (v) short term bank loans of S\$2.4 million, and (vi) shareholder's loan of S\$10.0 million.

Details of any collaterals

The Group's term loan amounting to S\$48.7 million and property loan of S\$4.0 million as at 30 June 2023 are secured by first legal mortgages executed over the Group's Integrated Construction and Precast Hub ("ICPH") in Singapore; 2 properties at Tuas South Link in Singapore; and a manufacturing facility in Pontian, Malaysia, which are classified as freehold land, leasehold land, buildings and plant and equipment within property, plant and equipment.

**SOILBUILD CONSTRUCTION GROUP LTD.
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2023

13. Share capital

	← Issued share capital →	
	No. of ordinary shares <u>'000</u>	<u>Amount</u> <u>\$'000</u>
<u>Group and Company</u>		
2023		
Beginning of financial period	841,236	71,553
Issuance of shares pursuant to the preferential offering of rights shares	630,926	21,620
Expenses relating to preferential offering of rights shares	-	(537)
End of financial year	<u>1,472,162</u>	<u>92,636</u>
2022		
Beginning and end of financial year	<u>841,236</u>	<u>71,553</u>

The Company did not hold any treasury shares as at 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

January 2023 Preferential Offering

On 18 January 2023, the Company completed a preferential offering of 336,494,249 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of \$0.031 for each Rights Share (the "January 2023 Preferential Offering"). Pursuant to the January 2023 Preferential Offering and the subscription by the existing shareholders, the Company issued 336,494,249 new ordinary shares arising from the exercise of 336,494,249 rights issued at \$0.031.

The total proceeds from the January 2023 Preferential Offering amounted to \$10,431,000. The expenses relating to the January 2023 Preferential Offering of Rights Shares amounted to \$281,000.

June 2023 Preferential Offering

On 14 June 2023, the Company completed a preferential offering of 294,432,468 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of \$0.038 for each Rights Share (the "June 2023 Preferential Offering"). Pursuant to the June 2023 Preferential Offering and the subscription by the existing shareholders, the Company issued 294,432,468 new ordinary shares arising from the exercise of 294,432,468 rights issued at \$0.038.

The total proceeds from the June 2023 Preferential Offering amounted to \$11,189,000. The expenses relating to the June 2023 Preferential Offering of Rights Shares amounted to \$256,000.

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14. Warrant reserve

<u>Group and Company</u>	
30 June	31
2023	December
	2022
\$'000	\$'000

Beginning and end of financial year

-	-
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On 29 July 2019, the Company issued 168,247,125 new ordinary shares with 168,247,125 free detachable warrants ("2019 Warrants") arising from the exercise of 168,247,125 rights issue at S\$0.073 ("2019 Preferential Offering"). Each 2019 Warrant carry the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.073 for each new ordinary share. There is no value attributable to the 2019 Warrants issued as the average market value of the warrants is S\$Nil at the date of issuance. Accordingly, the entire proceeds from the issuance of rights shares with warrants is accounted for under share capital.

Arising from the January 2023 Preferential Offering as disclosed in Note 13, the number of 2019 Warrants was adjusted from 168,247,125 to 183,759,161 in accordance with the terms and conditions 2019 Warrants Instrument. Arising from the June 2023 Preferential Offering as disclosed in Note 13, the number of 2019 Warrants was adjusted from 183,759,161 to 185,615,237 in accordance with the terms and conditions 2019 Warrants Instrument.

There are 185,615,237 (31 December 2022: 168,247,125) warrants outstanding as at 30 June 2023. The warrants can be exercised at any time during the period commencing on and including the date of the issue of the warrants and expiring on the date falling five years from the date of issue of the warrants.

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

	<u>Group and Company</u>	
	30 June	31
	2023	December
		2022
	'000	'000
2019 Warrants		
Beginning of financial period/ year	168,247	168,247
Adjustments arising from preferential offerings	17,368	-
End of financial period/ year	185,615	168,247

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the six months ended 30 June 2023

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Soilbuild Construction Group Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

(a) Consolidated statement of profit or loss and other comprehensive income

First half ended 30 June 2023 ("1HFY2023") versus first half ended 30 June 2022 ("1HFY2022")

For 1HFY2023, the Group reported a net profit of approximately S\$1.4 million compared to net loss of approximately S\$3.7 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue decreased by 9.5% from S\$142.2 million in 1HFY2022 to S\$128.7 million in 1HFY2023. The lower revenue reported for 1HFY2023 was mainly due to timing difference in the progress of construction contracts.

Major revenue contributors in 1HFY2023 were:

- Leica project (additions and alterations to an industrial development).
- Pall Filtration A&A project (additions and alterations to an industrial development at Benoi Sector)
- Gambas project (construction of a multi-user general industrial factory development at Gambas Way)
- Verticus Condo project (construction of a multi-user condominium at Jalan Kemaman)
- Pioneer Sector project (design and build of a warehouse at Pioneer Sector);
- Tai Seng project (construction of a multi-user general industrial factory development at Tai Seng Avenue);
- Soitec Piling project (piling works for an industrial factory development at Pasir Ris Industrial Drive; and
- Toa Payoh HDB project (construction of a public housing development at Toa Payoh Neighbourhood 1 Contract 27).

In 1HFY2023, the Precast and Prefabrication division contributed approximately S\$15.6 million to the Group's revenue on sales of its products.

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For the six months ended 30 June 2023

2. Review of performance of the Group (continued)

**(a) Consolidated statement of profit or loss and other comprehensive income
(continued)**

The Group reported a gross profit of S\$7.5 million in 1HFY2023 compared to gross profit of S\$1.5 million in 1HFY2022. The gross profit margin for 1HFY2023 was 5.8% compared to gross profit margin for 1HFY2022 of 1.1%.

Other Income

Other income for 1HFY2023 increased by approximately S\$0.4 million as compared to 1HFY2022 mainly due to increase in rental income and service income, which is partially offset by decrease in government grants.

Other (Losses)/Gains

Other losses (net) of approximately S\$661,000 in 1HFY2023 were mainly attributable to foreign exchange losses.

Administrative Expenses

Administrative expenses for 1HFY2023 amounts to approximately S\$4.3 million which is comparable to administrative expenses of approximately S\$4.3 million for 1HFY2022.

Other Operating Expenses

Other operating expenses for 1HFY2023 amounts to approximately S\$2.6 million which is comparable to other operating expenses of approximately S\$2.5 million for 1HFY2022.

Share of (Loss)/Profit of Joint Ventures

The Group recognised approximately S\$1,000 in the share of loss of its joint ventures in 1HFY2023 as compared to share of profit of approximately S\$1,000 in the comparative period.

Income tax expenses

The Group reported income tax credit of approximately S\$63,000 in 1HFY2023 as compared to income tax expense of approximately S\$47,000 in 1HFY2022.

Net profit after tax

With the impact of the above, the Group reported a net profit after tax of approximately S\$1.4 million in 1HFY2023.

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For the six months ended 30 June 2023

2. Review of performance of the Group (continued)

(b) Consolidated statement of balance sheet

Total assets decreased by S\$8.2 million from S\$246.4 million as at 31 December 2022 to S\$238.2 million as at 30 June 2023, mainly due to (i) decrease in trade and other receivables of S\$18.1 million due to collections from customers; and (ii) decrease in property, plant and equipment of S\$2.0 million mainly due to depreciation of property, plant and equipment.

The decrease in total assets was partially offset by (i) increase in cash and cash equivalents of S\$10.2 million due to reasons as explained in consolidated statement of cash flows under Point 2(c), (ii) increase in other assets of \$0.9 million mainly due to prepayments made for purchase of equipment; and (iii) increase in inventories of \$0.8 million due to timing differences in deliveries of precast and prefabrication materials to customers.

Total liabilities decreased by S\$30.4 million from S\$229.0 million as at 31 December 2022 to S\$198.6 million as at 30 June 2023, mainly due to (i) decrease in borrowings of \$27.0 million due to repayment of bank loans, (ii) decrease in provision for other liabilities of \$3.0 million due to utilisation of provision of foreseeable losses; and (iii) decrease in trade and other payables of S\$0.3 million due to payment to suppliers and sub-contractors.

As at 30 June 2023, the Group's current liabilities, amounting to S\$129.7 million, exceeded its current assets, amounting to S\$101.9 million by S\$27.8 million.

The negative working capital position was mainly due to the significant operating losses in the current and prior financial years due to adverse impact of COVID-19 on the construction industry and from the capital investment by the Group in recent years (i.e. investment in the Group's Integrated Construction and Precast Hub (ICPH) project, 2 factories in Tuas South Link, and the acquisition and expansion of manufacturing plants in Malaysia). The Group is expected to be able to pay its debts as and when they fall due to the following reasons:

- (i) The Group has generated profits amounting to \$1,357,000 and positive operating cash flows amounting to \$20,472,000 during the financial period ended 30 June 2023, which represents a recovery of the Group's construction and precast manufacturing operations from the adverse impact of the COVID-19 pandemic.
- (ii) The Group has existing bank facilities which have yet to be utilised amounting to \$48,656,000 as at 30 June 2023 in which it can tap on for its funding requirements. In addition, the Group has existing banking relationships with a number of banks and will be able to obtain additional funding from the banks when required.

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For the six months ended 30 June 2023

2. Review of performance of the Group (continued)

(b) Consolidated statement of balance sheet

- (iii) Based on the Group's cashflow forecast prepared by management and approved by the Board of Directors for the next twelve months, which has incorporated the Group's strong order books amounting to \$564,274,000 and the available banking facilities as at 30 June 2023, management believes that the Group will be able to pay its debts as and when they fall due for the next 12 months.

(c) Consolidated statement of cash flows

Operating Activities

For 1HFY2023, the net cash inflow from operating activities amounted to S\$20.5 million as compared to net cash inflow of S\$2.5 million in the comparative period. The cash inflow from operating activities in 1HFY2023 was mainly attributable to timing difference in collection from customers.

Investing Activities

For 1HFY2023, cash outflow from investing activities amounted to S\$3.1 million as compared to S\$1.8 million in the comparative period. The cash outflow in 1HFY2023 was mainly attributable to the purchase of property, plant and equipment during the period under review.

Financing Activities

For 1HFY2023, cash outflow from financing activities amounted to S\$7.6 million as compared to cash inflow of S\$1.4 million in the comparative period. The cash outflow in 1HFY2023 was mainly attributable to repayment of bank loans and interest payments, partially offset by proceeds from Preferential Offering of Rights Shares and proceeds from bank loans.

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

Not applicable.

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For the six months ended 30 June 2023

4. A commentary at the date of the 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 operating period and the next 12 months

Based on advance estimates by the Ministry of Trade and Industry Singapore and its press release on 14 July 2023, the Singapore economy grew by 0.7 per cent on a year-on-year basis in the second quarter of 2023, faster than the 0.4 per cent growth recorded in the previous quarter. The construction sector grew by 6.6 per cent year-on-year in the second quarter, extending the 6.9 per cent growth in the first quarter. Growth during the quarter was supported by expansions in both public and private sector construction output.

The Group's order book as at 30 June 2023 amounted to S\$564.3 million, which comprise S\$450.5 million (of which, S\$410.5 million was contributed by local projects and S\$40.0 million was contributed by Myanmar projects) of construction projects, and S\$113.8 million of precast and prefabrication supply contracts from external parties.

The Group has secured 2 new construction contracts and 9 new precast supply and delivery contracts, valued at \$231.5 million during 1HFY2023.

The construction contract secured relates to:

- Building of a high-tech manufacturing facility with cleanroom capabilities and a warehouse for the semi-conductor industry. The facilities will be built to satisfy the requirements for Green Mark Platinum, the highest eco-sustainable rating for a building under the Building & Construction Authority's revised Green Mark Certification Scheme 2021; and
- Building of a sustainable and energy efficient logistics facility in Singapore, which is built to achieve the following sustainability certifications:
 - Green Mark Platinum
 - Green Mark Zero Energy
 - Leadership in Energy and Environmental Design ("LEED") Gold
 - LEED Zero Carbon

The precast contracts secured relates to the supply and delivery of precast components in Singapore for the following projects:

- Housing and Development Board public housing projects in Kallang Whampoa, Bishan, Tampines, Woodlands and Choa Chu Kang
- Public health facility in Serangoon
- Industrial development in Jalan Ahmad Ibrahim
- Land and Transport Authority Mass Rapid Transit project for Jurong Region Line

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For the six months ended 30 June 2023

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No. There is no dividend recommended for the financial period ended 30 June 2023.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared and paid in the corresponding period/year.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision not to declare/recommend any dividend

No dividend has been declared/recommended for the period ended 30 June 2023 to preserve the Group's working capital.

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For the six months ended 30 June 2023

7. Interested person 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)
	\$'000	\$'000
Transactions during 1HFY2023		
<u>Soilbuild Group Holdings Ltd. & its subsidiaries</u>		
Office rental (Note A)	-	122
Revenue from construction contracts	-	38,457
Share of common overheads paid/payable to related parties (Note A)	-	439
<u>Soilbuild Business Space REIT</u>		
Revenue from construction contracts	-	10,513
<u>Lim Chap Huat</u>		
Revenue from construction contracts	-	418
<u>Dolphin Alpha Investments Pte Ltd and its subsidiary</u>		
Revenue from construction contracts	-	644

Note A:

Amount does not correspond back to Note 6.2 Related party transactions note under the condensed interim consolidated financial statement as the above disclosures exclude transactions less than S\$100,000.

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For the six months ended 30 June 2023

8. Use of Proceeds from Preferential Offering of Right Shares

(a) Preferential Offering completed in January 2023

Pursuant to the preferential offering of Rights Shares on 18 January 2023, the Company received net proceeds from the issue of the shares of approximately \$10.2 million. The net proceeds have been utilised as at the date of this announcement as follows:

Description	S\$'000
Payment to sub-contractors	3,343
Payment to suppliers	1,397
Staff payroll	904
Repayment of borrowings	4,506
Total	10,150

(b) Preferential Offering completed in June 2023

Pursuant to the preferential offering of Rights Shares on 14 June 2023, the Company received net proceeds from the issue of the shares of approximately \$10.9 million. The net proceeds have been utilised as at the date of this announcement as follows:

Description	S\$'000
Payment to sub-contractors	5,940
Payment to suppliers	1,213
Staff payroll	1,780
Repayment of borrowings	2,000
Total	10,933

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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For the six months ended 30 June 2023

10. 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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Chap Huat	69	Father of Lim Han Ren, the Executive Director of the Company and the Group.	Position: Executive Chairman Duties: Chart the Group's strategic direction, business planning and development and succession planning and also provide guidance in project management and tender submission for the Group's various projects. Date when position was first held: 14 January 2013	N.A.
Lim Han Ren	31	Son of Lim Chap Huat, the Executive Chairman of the Company and the Group and also the substantial shareholder of the Company	Position: Executive Director Duties: Responsible for overall management of the Company and the Group, driving the development and execution of business strategies and spearhead the growth of the Group. Date when position was first held: 1 January 2023	Promoted from Group General Manager to Executive Director with effect from 1 January 2023

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For the six months ended 30 June 2023

11. 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 financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Chap Huat
Executive Chairman

Lim Han Ren
Executive Director

Singapore

11 August 2023