



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

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2018	2017 (Restated)	Change	2018	2017 (Restated)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	46,511	34,432	35.1	130,401	146,379	(10.9)
Cost of sales	(44,576)	(39,987)	11.5	(123,251)	(144,111)	(14.5)
<b>Gross profit/(loss)</b>	<b>1,935</b>	<b>(5,555)</b>	NM	<b>7,150</b>	<b>2,268</b>	215.3
<b>Gross profit/(loss) margin</b>	<b>4.2%</b>	<b>-16.1%</b>	NM	<b>5.5%</b>	<b>1.5%</b>	4.0
Other income	662	348	90.2	1,567	1,288	21.7
Other losses, net	(39)	(72)	(45.8)	(57)	(333)	(82.9)
<b>Expenses</b>						
Administrative	(1,307)	(1,755)	(25.5)	(4,854)	(5,701)	(14.9)
Marketing	(4)	(13)	(69.2)	(8)	(39)	(79.5)
Finance	(159)	(6)	NM	(342)	(43)	695.3
Others	(1,001)	(566)	76.9	(2,528)	(1,626)	55.5
Share of profit of joint ventures	24	34	(29.4)	160	301	(46.8)
<b>Profit/(loss) before income tax</b>	<b>111</b>	<b>(7,585)</b>	NM	<b>1,088</b>	<b>(3,885)</b>	NM
Income tax (expense)/credit	(11)	1,250	NM	(257)	652	NM
<b>Net profit/(loss)</b>	<b>100</b>	<b>(6,335)</b>	NM	<b>831</b>	<b>(3,233)</b>	NM
<b>Other comprehensive income:</b>						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	89	96	(7.3)	177	7	NM
<b>Total comprehensive income/(loss)</b>	<b>189</b>	<b>(6,239)</b>	NM	<b>1,008</b>	<b>(3,226)</b>	NM
<b>Total comprehensive income/(loss) attributable to:</b>						
Equity holders of the Company	202	(6,239)	NM	1,021	(3,226)	NM
Non-controlling interests	(13)	-	NM	(13)	-	NM
	<b>189</b>	<b>(6,239)</b>		<b>1,008</b>	<b>(3,226)</b>	

NM : Not meaningful

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Notes to the consolidated statement of comprehensive income

	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(I) Other income</b>				
Interest income	8	12	24	36
Service income	185	202	458	593
Rental income	339	41	681	154
Others (including wage credit and grants received)	130	93	404	505
	<b>662</b>	<b>348</b>	<b>1,567</b>	<b>1,288</b>
<b>(II) Other losses, net</b>				
Gain/(loss) on disposal of property, plant and equipment, net	2	(62)	25	(63)
Foreign exchange losses	(41)	(10)	(82)	(270)
	<b>(39)</b>	<b>(72)</b>	<b>(57)</b>	<b>(333)</b>
<b>(III) Profit before income tax is arrived at after (charging)/crediting:</b>				
Amortisation of intangible assets	(31)	(20)	(94)	(56)
Depreciation of property, plant and equipment	(754)	(615)	(2,186)	(1,828)
Amortisation of land lease prepayments	(308)	(252)	(875)	(701)
Gain/(loss) on disposal of property, plant and equipment, net	2	(62)	25	(63)
<b>(IV) Income tax expense</b>				
Tax expense attributable to profit is made up of:				
Profit from current financial period:				
- current income tax	23	114	(223)	-
- deferred income tax	-	1,138	-	654
	23	1,252	(223)	654
Under provision in prior financial period:				
- current income tax	(34)	(2)	(34)	(2)
- deferred income tax	-	-	-	-
	<b>(11)</b>	<b>1,250</b>	<b>(257)</b>	<b>652</b>

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/9/2018	31/12/2017 (Restated)	30/9/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	13,043	27,871	223	1,038
Trade and other receivables	59,223	56,189	42,686	36,090
Other current assets	4,502	14,637	74	6
Income tax recoverable	1,121	685	-	-
	<b>77,889</b>	<b>99,382</b>	<b>42,983</b>	<b>37,134</b>
<b>Non-current assets</b>				
Trade and other receivables	10,264	5,591	-	-
Investments in subsidiaries	-	-	32,021	31,795
Investments in joint ventures	554	943	-	-
Property, plant and equipment	82,486	54,360	-	-
Intangible assets	361	455	-	-
Land lease prepayment	32,183	30,106	-	-
Deferred tax assets	274	274	-	-
	<b>126,122</b>	<b>91,729</b>	<b>32,021</b>	<b>31,795</b>
<b>Total assets</b>	<b>204,011</b>	<b>191,111</b>	<b>75,004</b>	<b>68,929</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	78,499	95,181	6,727	760
Borrowings	23,179	11,244	-	-
Current income tax liabilities	551	226	16	101
Provision for other liabilities	1,899	1,281	-	-
	<b>104,128</b>	<b>107,932</b>	<b>6,743</b>	<b>861</b>
<b>Non-current liabilities</b>				
Trade and other payables	2,198	1,253	-	-
Borrowings	14,676	-	-	-
	<b>16,874</b>	<b>1,253</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>121,002</b>	<b>109,185</b>	<b>6,743</b>	<b>861</b>
<b>NET ASSETS</b>	<b>83,009</b>	<b>81,926</b>	<b>68,261</b>	<b>68,068</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	59,597	59,597	59,597	59,597
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(228)	(405)	-	-
Performance share plan reserve	-	-	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	16,523	15,679	536	343
	<b>82,950</b>	<b>81,929</b>	<b>68,261</b>	<b>68,068</b>
Non-controlling interest	59	(3)	-	-
<b>TOTAL EQUITY</b>	<b>83,009</b>	<b>81,926</b>	<b>68,261</b>	<b>68,068</b>

**SOILBUILD CONSTRUCTION GROUP LTD.**

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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\$12.9 million from S\$191.1 million as at 31 December 2017 to S\$204.0 million as at 30 September 2018, mainly due to the increase in property, plant and equipment of S\$28.1 million and the increase in both current and non-current trade and other receivables of S\$7.7 million, which were partially offset by the decrease in other current assets of S\$10.1 million and the decrease in cash and cash equivalent of S\$14.8 million.

The increase in property, plant and equipment of S\$28.1 million was due to capitalisation of (i) the construction cost and the plant and machinery costs incurred for the Group's Integrated Construction and Precast Hub (ICPH) and (ii) the construction costs incurred for the Group's factories and warehouses located at Tuas South Link. 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\$10.1 million was due to collection of security deposit from a customer upon completion of a project while the decrease in cash and cash equivalents of S\$14.8 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\$121.0 million as at 30 September 2018, mainly due to the increase in borrowings of S\$26.6 million, which was partially offset by the decrease in trade and other payables of S\$15.7 million arising from payment to suppliers and sub-contractors. The borrowings as at 30 September 2018 mainly comprised long term and short term bank loans for the purpose of financing the procurement of automated plant and machinery for the Group's ICPH, as well as working capital for the Group's construction projects.

As at 30 September 2018, the Group's current liabilities, amounting to S\$104.1 million, exceeded its current assets, amounting to S\$77.9 million, by S\$26.2 million due mainly to the increase in short term borrowings. Subsequent to 30 September 2018, the Group secured a long term loan from a local bank amounting to S\$50.0 million. The long term loan is secured by a first legal mortgage executed over the Group's ICPH.

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

	As at 30 September 2018	As at 31 December 2017
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	-	-
- Unsecured	23,179	11,244
<b>Amount repayable after one year</b>		
- Secured	-	-
- Unsecured	14,676	-

The Group's total borrowings of S\$37.9 million comprise both long term and short term bank loans for the purposes of financing the procurement of automated plant and machinery for the Group's ICPH as well as working capital for the Group's construction projects.

**Details of any collaterals**

The Group's total borrowings of S\$37.9 million as at 30 September 2018 are unsecured.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2018	2017 (Restated)	2018	2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Net profit /(loss)	100	(6,335)	831	(3,233)
Adjustments for:				
- Amortisation of intangible assets	31	20	94	56
- Depreciation of property, plant and equipment	754	615	2,186	1,828
- Amortisation of land lease prepayment	308	252	875	701
- Share-based compensation expense	-	-	-	(75)
- Interest income	(8)	(12)	(24)	(36)
- Interest expense	159	6	342	43
- Income tax expense	11	(1,250)	257	(652)
- (Gain)/loss on disposal of property, plant and equipment	(2)	62	(25)	63
- Share of profit of joint ventures	(24)	(34)	(160)	(301)
<b>Operating cash flows before working capital changes</b>	<b>1,329</b>	<b>(6,676)</b>	<b>4,376</b>	<b>(1,606)</b>
Changes in working capital:				
- Trade and other receivables	(9,443)	17,325	(7,707)	56,338
- Other current assets	10,260	391	10,135	(4,181)
- Trade and other payables	(305)	2,252	(15,764)	(19,834)
- Provision for other liabilities	35	286	618	380
<b>Cash generated from/(used in) operations</b>	<b>1,876</b>	<b>13,578</b>	<b>(8,342)</b>	<b>31,097</b>
Income tax paid	(31)	(67)	(336)	(1,369)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,845</b>	<b>13,511</b>	<b>(8,678)</b>	<b>29,728</b>
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(7,369)	(7,959)	(30,650)	(16,359)
Additions of intangible assets	-	-	-	(80)
Additions of land lease prepayment	-	(2,746)	(2,892)	(5,594)
Proceeds from disposal of property, plant and equipment	59	19	405	429
Distribution received from a joint venture	24	126	249	252
Dividend received from a joint venture	-	-	300	-
Interest received	8	12	24	36
<b>Net cash used in investing activities</b>	<b>(7,278)</b>	<b>(10,548)</b>	<b>(32,564)</b>	<b>(21,316)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	-	-	75	122
Proceeds from bank loans	6,476	8,715	26,611	18,215
Repayment of bank loans	-	(6,000)	-	(15,500)
Dividends paid to equity holders of the Company	-	-	-	(8,412)
Interest paid	(160)	(13)	(315)	(43)
<b>Net cash provided by/(used in) financing activities</b>	<b>6,316</b>	<b>2,702</b>	<b>26,371</b>	<b>(5,618)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>883</b>	<b>5,665</b>	<b>(14,871)</b>	<b>2,794</b>
Cash and cash equivalents at beginning of financial period	12,091	29,937	27,871	32,830
Effects of currency translation on cash and cash equivalents	69	(129)	43	(151)
<b>Cash and cash equivalents at end of financial period</b>	<b>13,043</b>	<b>35,473</b>	<b>13,043</b>	<b>35,473</b>
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	<b>13,043</b>	<b>35,473</b>	<b>13,043</b>	<b>35,473</b>

**Operating Activities**

For the third quarter ended 30 September 2018 ("3QFY2018"), the net cash inflow from operating activities amounted to S\$1.8 million as compared to net cash inflow of S\$13.5 million in the comparative quarter. The decrease in cash inflow from operating activities in 3QFY2018 was mainly attributable to the decrease in collections from customers during the period.

For the nine months ended 30 September 2018 ("9MFY2018"), the net cash outflow from operating activities amounted to S\$8.7 million as compared to net cash inflow of S\$29.8 million in the comparative period. The cash outflow from operating activities in 9MFY2018 was mainly attributable to the decrease in collections from customers and payment to suppliers and sub-contractors.

**Investing Activities**

For 3QFY2018, cash outflow from investing activities of S\$7.3 million as compared to S\$10.5 million in the comparative quarter. The cash outflow in 3QFY2018 was mainly attributable to the construction cost and the plant and machinery costs incurred for the Group's integrated construction precast hub, as well as the construction cost incurred for the Group's factories and warehouses, capitalised during the quarter under review.

For 9MFY2018, cash outflow from investing activities was S\$32.6 million as compared to S\$21.3 million in the comparative period. The cash outflow in 9MFY2018 was mainly attributable to the reasons as explained above.

**Financing Activities**

For 3QFY2018 and 9MFY2018, the cash inflow from financing activities was due to proceeds from both short term bank loans and long term bank loans drawdown to finance the procurement of automated plant and machinery for the Group's ICPH, as well as working capital for the Group's construction projects.



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.

Group	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
<b>Balance as at 1 January 2018</b>									
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)
<b>Balance as at 1 January 2018, as restated</b>	<b>59,597</b>	<b>8,128</b>	<b>(1,070)</b>	<b>(405)</b>	<b>-</b>	<b>15,679</b>	<b>81,929</b>	<b>(3)</b>	<b>81,926</b>
Profit for the period	-	-	-	-	-	844	844	(13)	831
Other comprehensive income for the period	-	-	-	177	-	-	177	-	177
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>-</b>	<b>844</b>	<b>1,021</b>	<b>(13)</b>	<b>1,008</b>
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	75	75
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>75</b>
<b>Balance as at 30 September 2018</b>	<b>59,597</b>	<b>8,128</b>	<b>(1,070)</b>	<b>(228)</b>	<b>-</b>	<b>16,523</b>	<b>82,950</b>	<b>59</b>	<b>83,009</b>
<b>Balance as at 1 January 2017</b>									
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)
<b>Balance as at 1 January 2017, as restated</b>	<b>58,798</b>	<b>8,161</b>	<b>(1,070)</b>	<b>-</b>	<b>719</b>	<b>30,062</b>	<b>96,670</b>	<b>-</b>	<b>96,670</b>
Loss for the period as restated	-	-	-	-	-	(3,233)	(3,233)	-	(3,233)
Other comprehensive income for the period, as restated	-	-	-	7	-	-	7	-	7
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>(3,233)</b>	<b>(3,226)</b>	<b>-</b>	<b>(3,226)</b>
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)
<b>Total transactions with owners, recognised directly in equity</b>	<b>799</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>(719)</b>	<b>(8,412)</b>	<b>(8,365)</b>	<b>-</b>	<b>(8,365)</b>
<b>Balance as at 30 September 2017 as restated</b>	<b>59,597</b>	<b>8,128</b>	<b>(1,070)</b>	<b>7</b>	<b>-</b>	<b>18,417</b>	<b>85,079</b>	<b>-</b>	<b>85,079</b>
	<b>Attributable to equity holders of the Company</b>								
	<b>Performance</b>								
<b>Company</b>	<b>Share Capital S\$'000</b>	<b>Warrant Reserve S\$'000</b>	<b>Share Plan Reserve S\$'000</b>	<b>Retained Profits S\$'000</b>	<b>Total Equity S\$'000</b>				
<b>Balance as at 1 January 2018</b>	<b>59,597</b>	<b>8,128</b>	<b>-</b>	<b>343</b>	<b>68,068</b>				
Profit for the period	-	-	-	193	193				
Other comprehensive income for the period	-	-	-	-	-				
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>193</b>				
<b>Balance as at 30 September 2018</b>	<b>59,597</b>	<b>8,128</b>	<b>-</b>	<b>536</b>	<b>68,261</b>				
<b>Balance as at 1 January 2017</b>	<b>58,798</b>	<b>8,161</b>	<b>719</b>	<b>8,987</b>	<b>76,665</b>				
Profit for the period	-	-	-	112	112				
Other comprehensive income for the period	-	-	-	-	-				
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>112</b>				
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)				
<b>Total transactions with owners, recognised directly in equity</b>	<b>799</b>	<b>(33)</b>	<b>(719)</b>	<b>(8,412)</b>	<b>(8,365)</b>				
<b>Balance as at 30 September 2017</b>	<b>59,597</b>	<b>8,128</b>	<b>-</b>	<b>687</b>	<b>68,412</b>				



UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 3QFY2018, there are no warrants being exercised. The total number of outstanding warrants is 166,683,500 as at 30 September 2018.

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

	No. of Warrants
<b>As at 1 January 2018</b>	<b>166,683,500</b>
Less : Warrants exercised during the period	-
<b>As at 30 September 2018</b>	<b>166,683,500</b>

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

As at 30 September 2018, the outstanding share awards under the PSP amounted to Nil (31 December 2017: up to 7,913,000) shares. The movement of the outstanding share awards during the period under review was as follows:

	No. of Share Awards (up to)
<b>As at 1 January 2018</b>	<b>7,913,000</b>
Less : Share awards lapsed on 26 February 2018	(7,913,000)
<b>As at 30 September 2018</b>	<b>-</b>

Issued Ordinary Shares

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

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

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The number of issued shares of the Company as at 30 September 2018 comprised 672,988,500 ordinary shares (31 December 2017: 672,988,500 ordinary shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There are no treasury shares as at 30 September 2018.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2017 except in the current financial year, the Group and the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2018. 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 at 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.

Consolidated Statement of Comprehensive Income	3 months ended 31 March 2017			6 months ended 30 June 2017			9 months ended 30 September 2017		
	As previously reported			As previously reported			As previously reported		
	S\$'000	Effects S\$'000	Restated S\$'000	S\$'000	Effects S\$'000	Restated S\$'000	S\$'000	Effects S\$'000	Restated S\$'000
Revenue	66,591	(23,080)	43,511	114,902	(2,955)	111,947	161,506	(15,127)	146,379
Cost of sales	(63,928)	21,447	(42,481)	(109,646)	5,522	(104,124)	(159,218)	15,107	(144,111)
<b>Gross profit</b>	<b>2,663</b>	<b>(1,633)</b>	<b>1,030</b>	<b>5,256</b>	<b>2,567</b>	<b>7,823</b>	<b>2,288</b>	<b>(20)</b>	<b>2,268</b>
Other income	452	-	452	940	-	940	1,288	-	1,288
Other losses, net	(125)	-	(125)	(261)	-	(261)	(333)	-	(333)
Expenses									
Administrative	(2,195)	-	(2,195)	(3,946)	-	(3,946)	(5,701)	-	(5,701)
Marketing	(18)	-	(18)	(26)	-	(26)	(39)	-	(39)
Finance	(17)	-	(17)	(37)	-	(37)	(43)	-	(43)
Others	(458)	-	(458)	(1,060)	-	(1,060)	(1,626)	-	(1,626)
Share of profit of joint ventures	22	-	22	267	-	267	301	-	301
<b>Profit/(loss) before income tax</b>	<b>324</b>	<b>(1,633)</b>	<b>(1,309)</b>	<b>1,133</b>	<b>2,567</b>	<b>3,700</b>	<b>(3,865)</b>	<b>(20)</b>	<b>(3,885)</b>
Income tax credit/(expense)	46	252	298	(114)	(484)	(598)	742	(90)	652
<b>Net (loss)/profit</b>	<b>370</b>	<b>(1,381)</b>	<b>(1,011)</b>	<b>1,019</b>	<b>2,083</b>	<b>3,102</b>	<b>(3,123)</b>	<b>(110)</b>	<b>(3,233)</b>
Other comprehensive income:									
Items that may be classified subsequently to profit or loss:									
Currency translation differences arising from consolidation	126	(146)	(20)	(55)	(34)	(89)	(101)	108	7
<b>Total comprehensive (loss)/income</b>	<b>496</b>	<b>(1,527)</b>	<b>(1,031)</b>	<b>964</b>	<b>2,049</b>	<b>3,013</b>	<b>(3,224)</b>	<b>(2)</b>	<b>(3,226)</b>
Total comprehensive (loss)/ income attributable to:									
Equity holders of the Company	496	(1,527)	(1,031)	964	2,049	3,013	(3,224)	(2)	(3,226)
Non-controlling interests	-	-	-	-	-	-	-	-	-
	<b>496</b>	<b>(1,527)</b>	<b>(1,031)</b>	<b>964</b>	<b>2,049</b>	<b>3,013</b>	<b>(3,224)</b>	<b>(2)</b>	<b>(3,226)</b>

  

Consolidated Statement of Comprehensive Income	3 months ended 31 March 2018			6 months ended 30 June 2018		
	As previously reported			As previously reported		
	S\$'000	Effects S\$'000	Restated S\$'000	S\$'000	Effects S\$'000	Restated S\$'000
Revenue	39,716	(754)	38,962	89,286	(5,396)	83,890
Cost of sales	(37,207)	925	(36,282)	(84,489)	5,814	(78,675)
<b>Gross profit</b>	<b>2,509</b>	<b>171</b>	<b>2,680</b>	<b>4,797</b>	<b>418</b>	<b>5,215</b>
Other income	352	-	352	905	-	905
Other losses, net	(397)	-	(397)	(18)	-	(18)
Expenses						
Administrative	(1,560)	-	(1,560)	(3,547)	-	(3,547)
Marketing	-	-	-	(4)	-	(4)
Finance	(60)	-	(60)	(183)	-	(183)
Others	(714)	-	(714)	(1,527)	-	(1,527)
Share of profit of joint ventures	44	-	44	136	-	136
<b>Profit before income tax</b>	<b>174</b>	<b>171</b>	<b>345</b>	<b>559</b>	<b>418</b>	<b>977</b>
Income tax expense	(42)	(97)	(139)	(213)	(33)	(246)
<b>Net profit</b>	<b>132</b>	<b>74</b>	<b>206</b>	<b>346</b>	<b>385</b>	<b>731</b>
Other comprehensive income:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(115)	207	92	70	18	88
<b>Total comprehensive (loss)/income</b>	<b>17</b>	<b>281</b>	<b>298</b>	<b>416</b>	<b>403</b>	<b>819</b>
Total comprehensive (loss)/ income attributable to:						
Equity holders of the Company	17	281	298	416	403	819
Non-controlling interests	-	-	-	-	-	-
	<b>17</b>	<b>281</b>	<b>298</b>	<b>416</b>	<b>403</b>	<b>819</b>

**SOILBUILD CONSTRUCTION GROUP LTD.**
**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**
**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.

	<u>As at 1 January 2017</u>			<u>As at 31 December 2017</u>		
	As previously reported S\$'000	Effects S\$'000	Restated S\$'000	As previously reported S\$'000	Effects S\$'000	Restated S\$'000
<b>Balance Sheet as at 1 January 2017 and 31 December 2017</b>						
<b>ASSETS</b>						
<b>Current assets</b>						
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>
<b>Non-current assets</b>						
Trade and other receivables	14,918	-	14,918	5,591	-	5,591
Other non-current assets	10,000	-	10,000	-	-	-
Investments in subsidiaries	-	-	-	-	-	-
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>224</u>	<u>91,729</u>
<b>Total assets</b>	<b><u>215,322</u></b>		<b><u>215,535</u></b>	<b><u>190,798</u></b>		<b><u>191,111</u></b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
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>
<b>Non-current liabilities</b>						
Trade and other payables	-	-	-	1,253	-	1,253
Deferred income tax liabilities	1,394	(333)	1,061	-	-	-
Borrowings	-	-	-	-	-	-
	<u>1,394</u>		<u>1,061</u>	<u>1,253</u>		<u>1,253</u>
<b>Total liabilities</b>	<b><u>117,231</u></b>		<b><u>118,865</u></b>	<b><u>107,804</u></b>		<b><u>109,185</u></b>
<b>NET ASSETS</b>	<b><u>98,091</u></b>		<b><u>96,670</u></b>	<b><u>82,994</u></b>		<b><u>81,926</u></b>
<b>EQUITY</b>						
<b>Capital and reserves attributable to equity holders of the Company</b>						
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)
<b>TOTAL EQUITY</b>	<b><u>98,091</u></b>		<b><u>96,670</u></b>	<b><u>82,994</u></b>		<b><u>81,926</u></b>

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend :-

- (a) Based on the weighted average number of ordinary shares in issue; and  
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share (EPS)	Group			Group		
	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2018	2017 (Restated)		2018	2017 (Restated)	
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.01	(0.94)		0.12	(0.48)	
- Weighted average number of ordinary shares ('000)	672,988	672,988		672,988	671,655	
(b) On a fully diluted basis (cents per share)	0.01	(0.90)		0.13	(0.46)	
- Adjusted weighted average number of ordinary shares ('000)	631,318	700,160		641,713	706,638	

- (a) Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period.
- (b) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan, and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price higher/lower than market value.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-

- (a) current financial period reported on; and  
(b) preceding financial year.

	Group		Company	
	30/9/2018	31/12/2017 (Restated)	30/9/2018	31/12/2017
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period/year				
Net asset value per ordinary share (cents)	12.33	12.17	10.14	10.11
Total number of shares in issue	672,988,500	672,988,500	672,988,500	672,988,500



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**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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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) **3QFY2018 vs 3QFY2017**

For 3QFY2018, the Group reported a net profit of approximately S\$100,000 compared to net loss of approximately S\$6.3 million reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue increased by 35.1% from S\$34.4 million in 3QFY2017 to S\$46.5 million in 3QFY2018. The increase in revenue is due to the progress of on-going projects in 2018.

Major revenue contributors in 3QFY2018 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\$1.9 million in 3QFY2018 compared to gross loss of S\$5.6 million in 3QFY2017. The gross profit margin for 3QFY2018 was 4.2% compared to gross profit margin for 3QFY2017 of -16.1%.

Other Income

Other income increased by approximately S\$314,000 mainly due to increase in rental income received in 3QFY2018.

Other Losses

Other losses (net) of approximately S\$39,000 in 3QFY2018 were mainly attributable to foreign exchange losses of approximately S\$41,000.

Administrative Expenses

Administrative expenses decreased from S\$1.76 million in 3QFY2017 to S\$1.31 million in 3QFY2018 due to decrease in various administrative expenses including overall payroll, rental expenses and professional fees.

Finance Expenses

The increase in finance expenses in 3QFY2018 was mainly due to increase in bank borrowings during the quarter.

Other Operating Expenses

The increase in other operating expenses in 3QFY2018 was mainly due to increase in depreciation on property, plant and machinery during the quarter.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$24,000 in the share of profit of its joint ventures in 3QFY2018 as compared to a gain of approximately S\$34,000 in the comparative quarter.

(b) **9MFY2018 vs 9MFY2017**

For 9MFY2018, the Group reported a net profit of approximately S\$0.8 million compared to net loss of approximately S\$3.2 million reported in the comparative period.

**Revenue & Gross Profit**

For the period under review, the Group's revenue decreased by 10.9% from S\$146.4 million in 9MFY2017 to S\$130.4 million in 9MFY2018. The decrease in revenue is attributable to decrease in construction activities during 9MFY2018.

Major revenue contributors in 9MFY2018 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\$7.2 million in 9MFY2018 compared to gross profit of S\$2.3 million in 9MFY2017. The gross profit margin for 9MFY2018 has increased from 1.5% to 5.5% as a result of overall cost savings achieved on certain private projects during the period.

**Other Income**

Other income increased by approximately S\$0.3 million mainly due to increase rental income received in 9MFY2018.

**Other Losses**

Other losses (net) of approximately S\$57,000 in 9MFY2018 were mainly attributable to foreign exchange loss of approximately S\$82,000, partially offset by gain on disposal of property, plant and equipment.

**Administrative Expenses**

Administrative expenses decreased from S\$5.7 million in 9MFY2017 to S\$4.9 million in 9MFY2018 mainly due in the decrease in various administrative expenses including overall payroll and rental expenses.

**Finance Expenses**

The increase in finance expenses in 9MFY2018 was mainly due to increase in bank borrowings during the period under review.

**Other Operating Expenses**

The increase in other operating expenses in 9MFY2018 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\$160,000 in the share of profit of its joint ventures in 3QFY2018 as compared to a gain of approximately S\$301,000 in the comparative period.



9

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

There is no material deviation in the actual results for the 3QFY2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 June 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 October 2018, the Singapore economy grew by 2.6% on a year-on-year ("yoy") basis in the third quarter of 2018, moderating from the 4.1% growth in the previous quarter. The construction sector contracted by 3.1% (on a yoy basis), extending the 4.2% decline in the previous quarter. The sector was weighed down by the weakness in public sector construction activities.

During the period under review, the Group secured a S\$7.0 million construction contract to construct covered linkways and cycling paths at Changi Business Park and One-North.

As announced on 31 October 2018, the Group secured a S\$125.0 million new construction project for building works at Yishun from the Housing and Development Board.

The Group expects the demand for construction activities in the local market to remain competitive. However, the Group will continue to focus on tenders for more new construction projects in the local and Myanmar market, as well as to secure more supply contracts for precast components. The Group targets to commence its manufacturing operation at its ICPH in December 2018.

The Group's order book as at 30 September 2018 amounted to S\$323.6 million which comprise S\$164.8 million from local construction projects and S\$158.8 million from Myanmar construction projects.

**11 Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding period of the immediately preceding financial year**

Not applicable

**(c) The date the dividend is payable**

Not applicable

**(d) Books closure date**

Not applicable

**12 If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

**13 Interested Persons Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
<b>Transactions during 3QFY2018</b>	-	-

**14 Use of Proceeds from Preferential Offering of Warrants**

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

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

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

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

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

**16 Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial statements for the period ended 30 September 2018 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

**Lim Chap Huat**  
Executive Chairman  
14 November 2018

**Ho Toon Bah**  
Executive Director