



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

<u>Item No</u>	<u>Description</u>	<u>No.</u>
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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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			Nine Months Ended		
	30 September		Change	30 September		Change
	2017	2016		2017	2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	46,604	102,444	(54.5)	161,506	310,267	(47.9)
Cost of sales	(49,572)	(97,558)	(49.2)	(159,218)	(293,285)	(45.7)
Gross (loss)/profit	(2,968)	4,886	(160.7)	2,288	16,982	(86.5)
Gross (loss)/profit margin	-6.4%	4.8%	(11.2)	1.4%	5.5%	(4.1)
Other income	348	535	(35.0)	1,288	1,894	(32.0)
Other losses, net	(72)	(167)	(56.9)	(333)	(240)	38.8
Expenses						
Administrative	(1,755)	(1,972)	(11.0)	(5,701)	(6,955)	(18.0)
Marketing	(13)	(4)	225.0	(39)	(16)	143.8
Finance	(6)	(14)	(57.1)	(43)	(14)	207.1
Others	(566)	(511)	10.8	(1,626)	(1,462)	11.2
Share of profit of joint ventures	34	7	385.7	301	15	1,906.7
(Loss)/profit before income tax	(4,998)	2,760	(281.1)	(3,865)	10,204	(137.9)
Income tax credit/(expense)	856	(514)	(266.5)	742	(1,809)	(141.0)
Net (loss)/profit	(4,142)	2,246	(284.4)	(3,123)	8,395	(137.2)
Other comprehensive loss:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(46)	(79)	(41.8)	(101)	(109)	(7.3)
Total comprehensive (loss)/income	(4,188)	2,167	(293.3)	(3,224)	8,286	(138.9)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(4,188)	2,167	(293.3)	(3,224)	8,286	(138.9)

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
(I) Other income				
Interest income	12	21	36	35
Service income	202	123	593	526
Rental income	41	308	154	412
Others (including wage credit and grants received)	93	83	505	921
	348	535	1,288	1,894
(II) Other losses, net				
Loss on disposal of property, plant and equipment, net	(62)	(300)	(63)	(313)
Foreign exchange (loss) / gain	(10)	133	(270)	73
	(72)	(167)	(333)	(240)
(III) (Loss)/profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(20)	(17)	(56)	(52)
Depreciation of property, plant and equipment	(615)	(613)	(1,828)	(1,937)
Amortisation of land lease prepayments	(253)	(222)	(702)	(666)
Loss on disposal of property, plant and equipment, net	(62)	(300)	(63)	(313)
(IV) Income tax credit/(expense)				
Tax credit/(expense) attributable to profit is made up of:				
Profit from current financial period:				
- current income tax	114	(514)	-	(1,792)
- deferred income tax	744	-	744	-
	858	(514)	744	(1,792)
Under provision in prior financial period:				
- current income tax	(2)	-	(2)	(17)
- deferred income tax	-	-	-	-
	856	(514)	742	(1,809)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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	
	30/9/2017 S\$'000	31/12/2016 S\$'000	30/9/2017 S\$'000	31/12/2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	35,473	32,830	1,274	5,312
Trade and other receivables	58,121	103,427	36,005	42,094
Other current assets	6,356	2,175	32	6,512
	99,950	138,432	37,311	53,918
Non-current assets				
Trade and other receivables	4,203	14,918	-	-
Other non-current assets	10,000	10,000	-	-
Investments in subsidiaries	-	-	31,795	23,270
Investments in joint ventures	2,833	2,784	-	-
Property, plant and equipment	37,470	23,474	-	-
Intangible assets	203	179	-	-
Land lease prepayments	30,428	25,535	-	-
	85,137	76,890	31,795	23,270
Total assets	185,087	215,322	69,106	77,188
LIABILITIES				
Current liabilities				
Trade and other payables	93,440	112,702	672	378
Borrowings	2,715	-	-	-
Current income tax liabilities	540	2,016	22	145
Provision for other liabilities	1,240	1,119	-	-
	97,935	115,837	694	523
Non-current liabilities				
Deferred income tax liabilities	650	1,394	-	-
Total liabilities	98,585	117,231	694	523
NET ASSETS	86,502	98,091	68,412	76,665
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,597	58,798	59,597	58,798
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	15	116	-	-
Performance share plan reserve	-	719	-	719
Warrant reserve	8,128	8,161	8,128	8,161
Retained profits	19,832	31,367	687	8,987
TOTAL EQUITY	86,502	98,091	68,412	76,665

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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 decreased by S\$30.2 million from S\$215.3 million as at 31 December 2016 to S\$185.1 million as at 30 September 2017, mainly due to the decrease in both current and non-current trade and other receivables of S\$45.3 million and S\$10.7 million respectively, which was partially offset by the increase in property, plant and equipment of S\$14.0 million and land lease prepayments of S\$4.9 million.

The decrease in current trade and other receivables was due to decrease in construction contracts due from customers and collection of progress billing from customers.

The decrease in non-current trade and other receivables of S\$10.7 million was mainly due to decrease in retentions receivable from customers.

The increase in property, plant and equipment of S\$14.0 million was due to capitalisation of construction cost incurred for the Group's Integrated Construction and Precast Hub (ICPH) located at Airport Road.

The increase in land lease prepayments of S\$4.9 million was due to the Group's acquisition of a 20-year lease of industrial land at Tuas South Link 3 and acquisition of a 48-year lease of industrial land at Thilawa Economic Zone, Myanmar. Both industrial land are acquired for warehousing and to set up production facilities for building components and steel fabrication work.

Total liabilities decreased from S\$117.2 million as at 31 December 2016 to S\$98.6 million as at 30 September 2017, mainly due to the decrease in trade and other payables of S\$19.3 million which is offset by increase in borrowings of S\$2.7 million. The decrease in trade and other payables was due to payment to suppliers and sub-contractors and increase in borrowings, which comprised short term bank loans, is for the purpose of financing construction projects in Myanmar.

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

	As at 30 September 2017	As at 31 December 2016
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	2,715	-
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-

The Group's total borrowings of S\$2.7 million are short term loans taken for the purposes of financing construction projects in Myanmar.

Details of any collaterals

The Group's total borrowings of S\$2.7 million as at 30 September 2017 comprised unsecured short term bank loans.

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash flows from operating activities				
Net (loss)/profit	(4,142)	2,246	(3,123)	8,395
Adjustments for:				
- Amortisation of intangible assets	20	17	56	52
- Depreciation of property, plant and equipment	615	613	1,828	1,937
- Amortisation of land lease prepayment	253	222	702	666
- Share-based compensation expense	-	(1)	(75)	502
- Interest income	(12)	(21)	(36)	(35)
- Interest expense	6	14	43	14
- Income tax expense	(856)	514	(742)	1,809
- Loss on disposal of property, plant and equipment, net	62	300	63	313
- Share of profit of joint ventures	(34)	(7)	(301)	(15)
Operating cash flows before working capital changes	(4,088)	3,897	(1,585)	13,638
Changes in working capital				
- Trade and other receivables	14,517	2,167	56,021	29,037
- Other current assets	391	(212)	(4,181)	(767)
- Trade and other payables	2,782	(3,760)	(19,262)	(13,167)
- Provision for other liabilities	(24)	(188)	121	(394)
Cash generated from operations	13,578	1,904	31,114	28,347
Income tax paid	(37)	(812)	(1,339)	(2,067)
Net cash provided by operating activities	13,541	1,092	29,775	26,280
Cash flows from investing activities				
Additions to property, plant and equipment	(7,959)	(2,295)	(16,359)	(5,225)
Additions to intangible assets	-	-	(80)	(22)
Additions of land lease prepayment	(2,747)	-	(5,595)	-
Proceeds from sale of property, plant and equipment	19	854	429	872
Distribution from joint venture	126	6	252	6
Interest received	12	21	36	35
Net cash used in investing activities	(10,549)	(1,414)	(21,317)	(4,334)
Cash flows from financing activities				
Proceeds from issuance of shares	-	2	122	2
Proceeds from bank loans	8,715	7,800	18,215	7,800
Repayment of bank loans	(6,000)	(7,800)	(15,500)	(7,800)
Proceeds from preferential offering of warrants	-	8,368	-	8,368
Preferential offering of warrant expenses	-	(206)	-	(206)
Dividends paid to equity holders of the Company	-	(3,348)	(8,412)	(13,390)
Interest paid	(6)	(14)	(43)	(14)
Net cash provided by/(used in) financing activities	2,709	4,802	(5,618)	(5,240)
Net increase in cash and cash equivalents	5,701	4,480	2,840	16,706
Cash and cash equivalents at beginning of financial period	29,937	18,917	32,830	6,721
Effects of currency translation on cash and cash equivalents	(165)	(79)	(197)	(109)
Cash and cash equivalents at end of financial period	35,473	23,318	35,473	23,318
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	35,473	23,318	35,473	23,318

Operating Activities

For the third quarter ended 30 September 2017 ("3QFY2017"), the net cash inflow from operating activities amounted to S\$13.5 million as compared to net cash inflow of S\$1.1 million in the comparative quarter. The increase in cash inflow from operating activities in 3QFY2017 was mainly attributed to decrease in trade and other receivables during the period under review.

For the nine months ended 30 September 2017 ("9MFY2017"), the net cash inflow from operating activities amounted to S\$29.8 million as compared to net cash inflow of S\$26.3 million in the comparative period. The increase in cash inflow from operating activities in 9MFY2017 was mainly due to higher collection of progress billings rendered to customers offset by higher payments to suppliers and sub-contractors.

Investing Activities

For 3QFY2017, cash outflow from investing activities of S\$10.5 million as compared to S\$1.4 million in the comparative quarter. The cash outflow in 3QFY2017 was mainly attributable to the construction cost incurred for the Group's integrated construction precast hub located at Airport Road capitalised as well as the payment for the acquisition of a 20-year lease of industrial land located at Tuas South Link 3.

For 9MFY2017, cash outflow from investing activities of S\$21.3 million as compared to S\$4.3 million in comparative period mainly due to the reasons as explained above.

Financing Activities

For 3QFY2017, the cash inflow from financing activities was due to short term bank loans drawdown to finance construction projects in Myanmar.

For 9MFY2017, the cash outflow from financing activities was due to short term bank loans drawdown to finance construction projects in Myanmar as well as payment of dividend of S\$8.4 million.

- 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	Warrant Reserve	Capital Reserve	Currency Translation Reserve	Performance Share Plan Reserve	Retained Profits	Total Equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	58,798	8,161	(1,070)	116	719	31,367	98,091
Loss for the period	-	-	-	-	-	(3,123)	(3,123)
Other comprehensive loss for the period	-	-	-	(101)	-	-	(101)
Total comprehensive loss for the period	-	-	-	(101)	-	(3,123)	(3,224)
Share-based compensation expenses	-	-	-	-	(75)	-	(75)
Issuance of shares pursuant to the performance share plan	644	-	-	-	(644)	-	-
Issuance of shares pursuant to exercise of warrants	155	(33)	-	-	-	-	122
Dividend paid	-	-	-	-	-	(8,412)	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	-	-	(719)	(8,412)	(8,365)
Balance as at 30 September 2017	59,597	8,128	(1,070)	15	-	19,832	86,502
Balance as at 1 January 2016	58,047	-	(1,070)	51	964	32,881	90,873
Profit for the period	-	-	-	-	-	8,395	8,395
Other comprehensive loss for the period	-	-	-	(109)	-	-	(109)
Total comprehensive income for the period	-	-	-	(109)	-	8,395	8,286
Share-based compensation expenses	-	-	-	-	503	-	503
Issuance of shares pursuant to the performance share plan	748	-	-	-	(748)	-	-
Issuance of warrants	-	8,368	-	-	-	-	8,368
Issuance of shares pursuant to exercise of warrants	3	(1)	-	-	-	-	2
Expenses for preferential offering of warrants	-	(206)	-	-	-	-	(206)
Dividend paid	-	-	-	-	-	(13,390)	(13,390)
Total transactions with owners, recognised directly in equity	751	8,161	-	-	(245)	(13,390)	(4,723)
Balance as at 30 September 2016	58,798	8,161	(1,070)	(58)	719	27,886	94,436

STATEMENTS OF CHANGES IN EQUITY	Attributable to equity holders of the Company				
	Share Capital	Warrant Reserve	Share Plan Reserve	Retained Profits	Total Equity
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	58,798	8,161	719	8,987	76,665
Profit for the period	-	-	-	112	112
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	112	112
Share-based compensation expenses	-	-	(75)	-	(75)
Issuance of shares pursuant to the Performance share plan	644	-	(644)	-	-
Issuance of shares pursuant to exercise of warrants	155	(33)	-	-	122
Dividend paid	-	-	-	(8,412)	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	(719)	(8,412)	(8,365)
Balance as at 30 September 2017	59,597	8,128	-	687	68,412
Balance as at 1 January 2016	58,047	-	964	12,931	71,942
Profit for the period	-	-	-	1,534	1,534
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,534	1,534
Share-based compensation expenses	-	-	503	-	503
Issuance of shares pursuant to the Performance share plan	748	-	(748)	-	-
Issuance of warrants	-	8,368	-	-	8,368
Issuance of shares pursuant to exercise of warrants	3	(1)	-	-	2
Expenses for preferential offering of warrants	-	(206)	-	-	(206)
Dividend paid	-	-	-	(13,390)	(13,390)
Total transactions with owners, recognised directly in equity	751	8,161	(245)	(13,390)	(4,723)
Balance as at 30 September 2016	58,798	8,161	719	1,075	68,753

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

- 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 the period under review, an aggregate of 1,000 warrants have been exercised. As a result, the total number of outstanding warrants is 166,683,500 as at 30 September 2017. Correspondingly, the Company issued an aggregate of 1,000 new ordinary shares in the capital of the Company pursuant to the exercise of warrants.

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

	No. of Warrants
As at 1 January 2017	167,355,500
Less : Warrants exercised during the period	(332,500)
As at 31 March 2017	167,023,000
Less : Warrants exercised during the period	(338,500)
As at 30 June 2017	166,684,500
Less : Warrants exercised during the period	(1,000)
As at 30 September 2017	166,683,500

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

As at 30 September 2017, the outstanding share awards under the PSP amounted to 7,913,000 (31 December 2016: up to 11,686,279) shares. The movement of the outstanding share awards during the period under review as follows:

	No. of Share Awards (up to)
As at 1 January 2017	11,686,279
Less : Share awards lapsed on 22 February 2017	(7,696,000)
Add : Granted on 2 March 2017	7,913,000
As at 31 March 2017	11,903,279
Less : Released and vested on 18 April 2017	(2,827,000)
Less : Voluntary relinquishing by the Executive Directors	(1,163,279)
As at 30 June and 30 September 2017	7,913,000

Issued Ordinary Shares

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

	No. of Share issued
As at 1 January 2017	669,489,500
Add : Issuance of shares pursuant to exercise of warrants	332,500
As at 31 March 2017	669,822,000
Add : Issuance of shares pursuant to exercise of warrants	338,500
Add : Issuance of shares pursuant to Performance Shares Plan	2,827,000
As at 30 June 2017	672,987,500
Add : Issuance of shares pursuant to exercise of warrants	1,000
As at 30 September 2017	672,988,500

As a result of the above, the issued and paid up capital of Company increased from S\$58.8 million as at 31 December 2016 to S\$59.6 million as at 30 September 2017.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2017.

- 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 2017 comprised 672,988,500 ordinary shares (31 December 2016: 669,489,500 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 2017.

- 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.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those for the audited financial statements as at 31 December 2016.

- 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 Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2017. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2017	2016	2017	2016
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	(0.62)	0.34	(0.46)	1.26
- Weighted average number of ordinary shares ('000)	672,988	669,484	671,655	668,185
(b) On a fully diluted basis (cents per share)	(0.59)	0.27	(0.44)	1.15
- Adjusted weighted average number of ordinary shares ('000)	700,160	826,461	706,638	727,008

- (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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
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)	12.85	14.65	10.17	11.45
Total number of shares in issue	672,988,500	669,489,500	672,988,500	669,489,500

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

- 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) **3QFY2017 vs 3QFY2016**

For 3QFY2017, the Group reported a net loss of S\$4.1 million compared to net profit of S\$2.2 million reported in the comparative quarter.

Revenue & Gross Profit/(Loss)

For the quarter under review, the Group's revenue decreased by 54.5% from S\$102.4 million in 3QFY2016 to S\$46.6 million in 3QFY2017. The Group reported a gross loss of S\$3.0 million in 3QFY2017 compared with a gross profit of S\$4.9 million in 3QFY2016.

The major revenue contributors in 3QFY2017 were:

- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Sembawang HDB project (public housing development at Sembawang);
- Lift Shafts project (Construction of lift shafts to existing pedestrian overhead bridges); and
- 68 Residence Project (high rise services apartment and condominium in Yangon).

The Group's revenue in 3QFY2017 remained lower than those of previous quarters as a result of completion of various projects in Singapore, while those newly secured projects are still at their initial construction phase where progress billings are relatively lower.

During 3QFY2017, the Group recognised approximately S\$5.2 million revenue from the projects in Myanmar, as compared with S\$5.3 million in 3QFY2016.

The Group's reported a negative profit margin of 6.4% in 3QFY2017 compared with a gross profit margin of 4.8% in 3QFY2016. The negative gross profit margin in 3QFY2017 was mainly due to (i) reduction in revenue recognised due to projects completion to cover certain operating cost which are fixed in nature, and (ii) increase in construction costs for certain construction projects in Singapore as a result of cost overrun as well as extended construction period which the Group is not able to recover under the construction contracts.

Other Income

Other income decreased to S\$0.3 million mainly due to the lower rental income in 3QFY2017.

Other losses

Other losses (net) of S\$72,000 in 3QFY2017 were attributable to loss on disposal of property, plant and equipment as well as foreign exchange loss.

Administrative Expenses

Administrative expenses decreased from S\$2.0 million in 3QFY2016 to S\$1.8 million in 3QFY2017 mainly due to the decrease in various administrative expenses including rental expenses and staff training.

Other Operating Expenses

The increase in other operating expenses in 3QFY2017 was mainly due to amortisation of land lease prepayment.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$34,000 in the share of profit of its joint ventures in 3QFY2017 as compared to a gain of approximately S\$7,000 in the comparative quarter.

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(b) **9MFY2017 vs 9MFY2016**

For 9MFY2017, the Group reported a net loss of S\$3.1 million compared to net profit of S\$8.4 million reported in the comparative period.

Revenue & Gross Profit/(Loss)

For the period under review, the Group's revenue decreased by 47.9% from S\$310.3 million in 9MFY2016 to S\$161.5 million in 9MFY2017, while gross profit decreased by 86.5% from S\$17.0 million in 9MFY2016 to S\$2.3 million in 9MFY2017.

The major revenue contributors in 9MFY2017 were:

- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Sembawang HDB project (public housing development at Sembawang);
- Lift Shafts project (Construction of lift shafts to existing pedestrian overhead bridges); and
- 68 Residence Project (high rise services apartment and condominium in Yangon).

The Group's revenue in 9MFY2017 reduced as a result of completion of various projects in Singapore. The Group secured 2 construction projects in Singapore and 2 construction projects in Myanmar in 9MFY2017 with aggregate contract sum of approximately S\$102.9 million, however, revenue recognised from these newly secured projects were not significant in 9MFY2017 as they are still in the initial construction phase during the period.

During 9MFY2017, the Group recognised approximately S\$17.6 million revenue from the projects in Myanmar, as compared with approximately S\$7.3 million in 9MFY2016.

The Group reported a lower gross profit margin of 1.4% in 9MFY2017 compared with 5.5% in 9MFY2016, mainly attributable to (i) reduction in revenue recognised due to projects completion to cover certain operating cost which are fixed in nature, and (ii) increase in construction costs for certain construction projects in Singapore as a result of cost overrun as well as extended construction period which the Group is not able to recover under the construction contracts.

Other Income

Other income decreased to S\$1.3 million in 9MFY2017 mainly due to the decrease in rental income as well as decrease in government grants received (include employment credit and certain productivity incentive schemes).

Other losses

Other losses of S\$333,000 in 9MFY2017 were mainly attributable to foreign exchange loss as well as the loss on disposal of property, plant and equipment.

Administrative Expenses

Administrative expenses decreased from S\$7.0 million in 9MFY2016 to S\$5.7 million in 9MFY2017 mainly due to the decrease in various administrative expenses including directors' remuneration, staff payroll and rental expenses.

Other Operating Expenses

The increase in other operating expenses in 9MFY2017 was mainly due to amortisation of land lease prepayment.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$301,000 in the share of profit of its joint ventures in 9MFY2017 as compared to a gain of approximately S\$15,000 in the comparative period.

Income tax expenses

The credit balance of the Group's income tax expenses for 9MFY2017 is mainly due to the recognition of certain deferred income tax assets.

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 3QFY2017 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 June 2017.

10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on advance estimates released by the Ministry of Trade and Industry Singapore on 13 October 2017, the overall Singapore economy grew by 4.6% on a year-on-year ("yoy") basis in the third quarter of 2017, higher than the growth in the previous quarter due to the 15.5% expansion (on a yoy basis) in the manufacturing sector, while the construction sector contracted by 6.3% (on a yoy basis), extending the 2.4% decline in the previous quarter. The decline in growth in the construction sector was due to continued weakness in the private sector construction activities.

The Group expects the demand for construction activities in the local market to remain weak in near term and competition in the tenders will continue to be challenging. The Group will remain focused in executing its ongoing and new projects secured by driving productivity and cost efficiency in its core competencies, particularly with the Group's investment in automated precast technologies expected to come into fruition with the completion and commencement of the integrated construction and precast hub in 2018.

The Group's order book to date amounted to S\$502.7 million of which S\$326.4 million comprise order book from local construction projects, while S\$176.3 million comprise order book 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.

13 Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Transactions during 3QFY2017		
<u>Soilbuild Group Holdings Ltd. & its subsidiaries</u>		
Rental of premises	-	196
Backcharge of construction materials purchased on behalf	-	139
Award of construction contract	-	85,818
<u>Soilbuild Business Space REITS</u>		
Rental of premises	-	109
Award of construction contract	-	2,406

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 2017 S\$'000	Amount Unused As At 30 September 2017 S\$'000
Acquisition of plant and equipment for construction works in Myanmar	Up to 2,500	1,700	Up to 800
Working capital purposes	Up to 5,700	5,700	-
	8,200	7,400	800

The proceeds used for working capital purposes amounting to S\$5.7 million up to 30 September 2017 comprise mainly payment to suppliers and sub-contracts for the execution of the Group's pre-existing construction contracts in Singapore.

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. Pending the utilisation of the net proceeds as stated above, the unutilised amount may be placed in short-term deposits with banks and financial institutions or invested in money market instruments.

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

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

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited third quarter financial statements ended 30 September 2017 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Executive Director

31 October 2017