



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

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth Quarter Ended			Financial Year Ended		
	31 December		Change	31 December		Change
	2019	2018		2019	2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	65,667	78,183	(16.0)	236,764	208,584	13.5
Cost of sales	(64,532)	(78,725)	(18.0)	(231,643)	(201,976)	14.7
Gross profit/(loss)	1,135	(542)	NM	5,121	6,608	(22.5)
Gross profit/(loss) margin	1.7%	-0.7%		2.2%	3.2%	
Other income	1,010	710	42.3	3,766	2,277	65.4
Other losses, net	(607)	(45)	1,248.9	(1,015)	(102)	895.1
Expenses						
Administrative	(2,131)	(1,910)	11.6	(8,697)	(6,764)	28.6
Marketing	(1)	-	NM	(19)	(8)	137.5
Finance	(511)	(293)	74.4	(1,905)	(635)	200.0
Others	(1,521)	(1,402)	8.5	(5,675)	(3,930)	44.4
Share of (loss)/ profit of joint ventures	(2)	(17)	(88.2)	11	143	(92.3)
Loss before income tax	(2,628)	(3,499)	(24.9)	(8,413)	(2,411)	248.9
Income tax expense	(263)	(614)	(57.2)	(727)	(871)	(16.5)
Net loss	(2,891)	(4,113)	(29.7)	(9,140)	(3,282)	178.5
Other comprehensive loss:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(261)	79	NM	(12)	256	NM
Total comprehensive loss	(3,152)	(4,034)	(21.9)	(9,152)	(3,026)	202.4
Loss attributable to:						
Equity holders of the Company	(2,891)	(4,086)	(29.2)	(9,140)	(3,242)	181.9
Non-controlling interests	-	(27)	NM	-	(40)	NM
	(2,891)	(4,113)	(29.7)	(9,140)	(3,282)	178.5
Total comprehensive loss attributable to:						
Equity holders of the Company	(3,152)	(4,007)	(21.3)	(9,152)	(2,986)	206.5
Non-controlling interests	-	(27)	NM	-	(40)	NM
	(3,152)	(4,034)	(21.9)	(9,152)	(3,026)	202.4

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
(I) Other income				
Interest income	17	7	35	31
Service income	112	168	371	626
Rental income	793	484	2,837	1,165
Others (including wage credit and grants received)	88	51	523	455
	1,010	710	3,766	2,277
(II) Other losses, net				
(Loss)/gain on disposal of property, plant and equipment, net	(65)	9	(66)	34
Fair value loss on derivative financial instrument	(95)	-	(350)	-
Loss on disposal of a subsidiary	-	(45)	-	(45)
Foreign exchange losses	(447)	(9)	(599)	(91)
	(607)	(45)	(1,015)	(102)
(III) Loss before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(99)	(31)	(203)	(125)
Depreciation of property, plant and equipment	(2,371)	(1,225)	(7,960)	(3,411)
Amortisation of land lease prepayments	-	(311)	-	(1,186)
Property, plant and equipment written off	-	(23)	(5)	(23)
(Loss)/gain on disposal of property, plant and equipment, net	(65)	9	(66)	34
(IV) Income tax expense				
Tax expense attributable to loss is made up of:				
Profit from current financial period/year:				
- current income tax	(519)	(1,268)	(937)	(1,491)
- deferred income tax	134	955	156	955
	(385)	(313)	(781)	(536)
Over/(under) provision in prior financial period/year:				
- current income tax	93	28	(69)	(6)
- deferred income tax	29	(329)	123	(329)
	(263)	(614)	(727)	(871)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	24,154	15,252	6,928	354
Trade and other receivables	95,400	70,175	2,114	53,468
Other current assets	2,567	1,387	5	8
Inventory	1,827	-	-	-
	123,948	86,814	9,047	53,830
Non-current assets				
Trade and other receivables	10,312	7,305	27,231	-
Investments in subsidiaries	-	-	68,470	32,020
Investments in joint ventures	40	525	-	-
Property, plant and equipment	133,210	101,891	-	-
Intangible assets	518	330	-	-
Land lease prepayment	-	33,928	-	-
Deferred income tax assets	1,106	831	-	-
	145,186	144,810	95,701	32,020
Total assets	269,134	231,624	104,748	85,850
LIABILITIES				
Current liabilities				
Trade and other payables	104,091	96,018	24,919	17,478
Borrowings	28,735	51,554	-	-
Current income tax liabilities	1,006	436	33	85
Provision for other liabilities	1,206	1,490	-	-
	135,038	149,498	24,952	17,563
Non-current liabilities				
Trade and other payables	7,111	3,183	-	-
Borrowings	44,888	-	-	-
Derivative financial instruments	350	-	-	-
	52,349	3,183	-	-
Total liabilities	187,387	152,681	24,952	17,563
NET ASSETS	81,747	78,943	79,796	68,287
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	71,553	59,597	71,553	59,597
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(161)	(149)	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	3,297	12,437	115	562
	81,747	78,943	79,796	68,287
Non-controlling interest	-	-	-	-
TOTAL EQUITY	81,747	78,943	79,796	68,287

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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\$37.5 million from S\$231.6 million as at 31 December 2018 to S\$269.1 million as at 31 December 2019, mainly due to the increase in both current and non-current trade and other receivables of \$28.2 million and the increase in cash and cash equivalents of S\$8.9 million. The increase in current and non-current trade and other receivables were due to increase in progress billings receivables from customers while the increase in cash and cash equivalents of S\$8.9 million was explained in the Consolidated Statement of Cash Flow.

The increase in property, plant and equipment of S\$31.3 million and decrease in land lease prepayment of S\$33.9 million were mainly due to adoption of new accounting standard SFRS(I) 16 Leases whereby land lease prepayment is reclassified to property, plant and equipment.

Total liabilities increased by S\$34.7 million from S\$152.7 million as at 31 December 2018 to S\$187.4 million as at 31 December 2019, mainly due to the increase in both current and non-current trade and other payables of S\$12.0 million and the increase in total borrowings of S\$22.1 million. The increase of current and non-current trade and other payables were due to increase in payables to suppliers and subcontractors arising from more procurement activities during the year under review, while the increase in borrowings were due to drawdown of short term bank loans to finance the operation of the Group.

As at 31 December 2019, the Group's current liabilities, amounting to S\$135.0 million, exceeded its current assets, amounting to S\$123.9 million by S\$11.1 million. The negative working capital position was mainly due to the timing difference arising from the significant 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, as well as the acquisition of manufacturing plants in Malaysia). The Group is in the process to conclude its long term funding arrangement to support these investments.

On 29 July 2019, pursuant to the Preferential Offering of Rights Shares, the Group received net proceeds of approximately S\$12.0 million (after netting off S\$0.3 million expenses). The proceed from the Preferential Offering of Right Shares will be used mainly for the expansion of manufacturing plants in Malaysia.

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

	As at 31 December 2019	As at 31 December 2018
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		
- Secured	4,740	50,000
- Unsecured	23,995	1,554
Amount repayable after one year		
- Secured	44,463	-
- Unsecured	425	-

The Group's total borrowings of S\$73.6 million comprise (i) a term loan of S\$49.2 million, (ii) short term bank loans of S\$23.6 million and (iii) lease liabilities of S\$0.8 million, for the purposes as more explained in the above.

Details of any collaterals

The Group's term loan amounting to S\$49.2 million as at 31 December 2019 is secured by a first legal mortgage executed over the Group's ICPH.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash flows from operating activities				
Net loss	(2,891)	(4,113)	(9,140)	(3,282)
Adjustments for:				
- Amortisation of intangible assets	99	31	203	125
- Depreciation of property, plant and equipment	2,371	1,225	7,960	3,411
- Amortisation of land lease prepayment	-	311	-	1,186
- Interest income	(17)	(7)	(35)	(31)
- Interest expense	511	293	1,905	635
- Income tax expense	263	614	727	871
- Loss/(gain) on disposal of property, plant and equipment	65	(9)	66	(34)
- Loss on disposal of a subsidiary	-	45	-	45
- Property, plant and equipment written off	-	23	5	23
- Fair value loss on derivatives financial instruments	95	-	350	-
- Share of profit/(loss) of joint ventures	2	17	(11)	(143)
Operating cash flows before working capital changes	498	(1,570)	2,030	2,806
Changes in working capital:				
- Trade and other receivables	(10,712)	(7,183)	(27,757)	(14,890)
- Other current assets	(609)	3,138	(1,180)	13,273
- Inventory	(477)	-	(1,827)	-
- Trade and other payables	16,869	14,020	22,494	(1,744)
- Provision for other liabilities	(386)	(409)	(284)	209
Cash generated from/(used in) operations	5,183	7,996	(6,524)	(346)
Income tax paid	(229)	(213)	(424)	(549)
Net cash generated from/(used in) operating activities	4,954	7,783	(6,948)	(895)
Cash flows from investing activities				
Additions to property, plant and equipment	(1,950)	(7,244)	(9,330)	(37,894)
Additions of intangible assets	(295)	-	(390)	-
Additions of land lease prepayment	-	-	-	(2,892)
Proceeds from disposal of property, plant and equipment	38	184	253	589
Acquisition of assets, net of cash acquired	-	(7,625)	-	(7,625)
Disposal of a subsidiary, net of cash disposed of	-	88	-	88
Government grant received	-	-	4,683	-
Distribution received from a joint venture	3	12	21	261
Dividend received from a joint venture	-	-	-	300
Interest received	17	7	35	31
Net cash used in investing activities	(2,187)	(14,578)	(4,728)	(47,142)
Cash flows from financing activities				
Proceeds from issuance of shares	-	-	-	75
Proceeds from preferential offering of shares	-	-	12,282	-
Expenses relating to preferential offering of shares	-	-	(326)	-
Proceeds from bank loans	3,466	30,145	21,037	56,756
Repayment of bank loans	(8,920)	(20,976)	(10,302)	(20,976)
Principal repayment of lease liabilities	(74)	-	(241)	-
Interest paid	(553)	(284)	(1,876)	(599)
Net cash (used in)/provided by financing activities	(6,081)	8,885	20,574	35,256
Net (decrease)/increase in cash and cash equivalents	(3,314)	2,090	8,898	(12,781)
Cash and cash equivalents at beginning of financial period/year	27,529	13,043	15,252	27,871
Effects of currency translation on cash and cash equivalents	(61)	119	4	162
Cash and cash equivalents at end of financial period/year	24,154	15,252	24,154	15,252
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	24,154	15,252	24,154	15,252

Operating Activities

For the fourth quarter ended 31 December 2019 ("4QFY2019"), the net cash inflow from operating activities amounted to S\$5.0 million as compared to net cash inflow of S\$7.8 million in the comparative quarter. The cash inflow from operating activities in 4QFY2019 was mainly attributable to the increase in payables to suppliers and subcontractors, partially offset by decrease in collections from customers during the period.

For the financial year ended 31 December 2019 ("12MFY2019"), the net cash outflow from operating activities amounted to S\$6.9 million as compared to net cash outflow of S\$0.9 million in the comparative year. The cash outflow from operating activities in 12MFY2019 was mainly attributable to the decrease in collections from customer.

Investing Activities

For 4QFY2019, cash outflow from investing activities of S\$2.2 million as compared to S\$14.6 million in the comparative quarter. The cash outflow in 4QFY2019 was mainly attributable to the construction cost incurred for the Group's expansion of its factory in Pontian, Johor, Malaysia capitalised during the quarter under review.

For 12MFY2019, cash outflow from investing activities was S\$4.7 million as compared to S\$47.1 million in the comparative year. The cash outflow in 12MFY2019 was mainly attributable to the plant and machinery costs incurred for the Group's ICPH and partially offsetted by the grant received from Building & Construction Authority, as well as the construction cost incurred for the Group's expansion of its factory in Pontian, Johor, Malaysia capitalised during the year.

Financing Activities

For 4QFY2019, cash outflow from financing activities of S\$6.1 million as compared to cash inflow of S\$8.9 million in the comparative quarter. The cash outflow in 4QFY2019 was mainly attributable to the repayment of bank loans.

For 12MFY2019, cash inflow from financing activities was S\$20.6 million as compared to S\$35.3 million in the comparative year. The cash inflow in 12MFY2019 was due to proceeds from Preferential Offering of Rights Shares exercise on 29 July 2019 amounting to S\$12.0 million (net of expenses relating to Preferential Offering of Right Shares of S\$0.3 million) and short term bank loans drawdown to finance the Group's operation.

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
Balance as at 1 January 2019	59,597	8,128	(1,070)	(149)	-	12,437	78,943	-	78,943
Loss for the year	-	-	-	-	-	(9,140)	(9,140)	-	(9,140)
Other comprehensive loss for the year	-	-	-	(12)	-	-	(12)	-	(12)
Total comprehensive loss for the year	-	-	-	(12)	-	(9,140)	(9,152)	-	(9,152)
Issuance of shares pursuant to the Preferential Offering of Rights Shares	11,956	-	-	-	-	-	11,956	-	11,956
Total transactions with owners, recognised directly in equity	11,956	-	-	-	-	-	11,956	-	11,956
Balance as at 31 December 2019	71,553	8,128	(1,070)	(161)	-	3,297	81,747	-	81,747
Balance as at 1 January 2018	59,597	8,128	(1,070)	(405)	-	15,679	81,929	(3)	81,926
Loss for the year	-	-	-	-	-	(3,242)	(3,242)	(40)	(3,282)
Other comprehensive income for the year	-	-	-	256	-	-	256	-	256
Total comprehensive loss for the year	-	-	-	256	-	(3,242)	(2,986)	(40)	(3,026)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	75	75
Disposal of controlling interest in subsidiary	-	-	-	-	-	-	-	(32)	(32)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	43	43
Balance as at 31 December 2018	59,597	8,128	(1,070)	(149)	-	12,437	78,943	-	78,943

Company	Attributable to equity holders of the Company				
	Share Capital S\$'000	Warrant Reserve S\$'000	Share Plan Reserve S\$'000	Retained Profits S\$'000	Total Equity S\$'000
Balance as at 1 January 2019	59,597	8,128	-	562	68,287
Loss for the year	-	-	-	(447)	(447)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(447)	(447)
Issuance of shares pursuant to the Preferential Offering of Rights Shares	11,956	-	-	-	11,956
Total transactions with owners, recognised directly in equity	11,956	-	-	-	11,956
Balance as at 31 December 2019	71,553	8,128	-	115	79,796
Balance as at 1 January 2018	59,597	8,128	-	343	68,068
Profit for the year	-	-	-	219	219
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	219	219
Balance as at 31 December 2018	59,597	8,128	-	562	68,287

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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.

Pursuant to the Proposed Pro-rata and Non-renounceable non-underwritten preferential offering of Rights Shares with free detachable warrants ("Preferential Offering of Rights Shares") as commenced and completed during the year under review:

- i) On 22 July 2019, the Company allotted and issued 2,164,495 additional 2016 Warrants pursuant to an adjustment to the number of 2016 Warrants as a result of the preferential offering of Rights Shares.
- ii) On 29 July 2019, pursuant to the Preferential Offering of Rights Shares, the Company allotted 168,247,125 Rights Shares and 168,247,125 Warrants.

As a result of the foregoing, the total number of issued ordinary shares of the Company increased from 672,988,500 to 841,235,625 as at 31 December 2019 and the total number of outstanding warrants increased from 166,683,500 warrants to 337,095,120 warrants (comprising 168,847,995 2016 Warrants and 168,247,125 2019 Warrants as at 31 December 2019).

Issued Ordinary Shares

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

	No. of Shares issued
As at 1 January 2019	672,988,500
Add : Allocated and issuance of shares pursuant to Preferential Offering of Rights Shares	168,247,125
As at 31 December 2019	841,235,625

Warrants

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

	No. of Warrants		Total
	2016 Warrants	2019 Warrants	
As at 1 January 2019	166,683,500	-	166,683,500
Add : Allotted and issuance of warrants pursuant to 2019 Warrants	-	168,247,125	168,247,125
Add : Adjustment of 2016 Warrants	2,164,495	-	2,164,495
As at 31 December 2019	168,847,995	168,247,125	337,095,120

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

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

The number of issued shares of the Company as at 31 December 2019 comprised 841,235,625 ordinary shares (31 December 2018: 672,988,500 ordinary shares).

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

There are no treasury shares as at 31 December 2019.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period/year are consistent with those stated in the audited financial statements for the financial year ended 31 December 2018 except in the current financial year, the Group and the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2019. 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.

The Group has adopted all new Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial period beginning on or after 1 January 2019. Specifically, the Group has adopted SFRS(I) 16 Leases which is relevant to the Group's operations. The adoption of these new SFRS(I) did not result in any material effect on the amounts reported for the current financial year or prior financial years.

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

Earnings per share (EPS)	Group			
	Fourth Quarter Ended 31 December		Financial Year Ended 31 December	
	2019	2018	2019	2018
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	-0.34	-0.61	-1.23	-0.48
- Weighted average number of ordinary shares ('000)	841,236	672,988	744,897	672,988
(b) On a fully diluted basis (cents per share)	-0.34	-0.61	-1.23	-0.48
- Adjusted weighted average number of ordinary shares ('000)	841,236	672,988	744,897	674,228

- (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/year.
- (b) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price lower than market value.

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

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

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period/year				
Net asset value per ordinary share (cents)	9.72	11.73	9.49	10.15
Total number of shares in issue	841,235,625	672,988,500	841,235,625	672,988,500

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, cost, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) **4QFY2019 vs 4QFY2018**

For 4QFY2019, the Group reported a net loss of approximately S\$2.9 million compared to net loss of approximately S\$4.1 million reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue decreased by 16.0% from S\$78.2 million in 4QFY2018 to S\$65.7 million in 4QFY2019. The lower revenue reported for 4QFY2019 was attributable to completion of various projects in Singapore, while the new projects of the Group are only expected to contribute revenue when they progress to more advanced stages of construction activities in forthcoming periods.

Major revenue contributors in 4QFY2019 were:

- Rosehill Residence project (erection of a 24-storey residential development in Yangon);
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).
- Tuas Bay Close project (construction of a multi-user general industrial development at Tuas Bay Close);
- Tuas Bay Drive project (construction of a multi-user general industrial development at Tuas Bay Drive); and
- Yishun HDB project (public housing development at Yishun).

In 4QFY2019, the Precast and Prefabrication division contributed approximately S\$2.3 million to the Group's revenue on sales of its products.

The Group reported a gross profit of S\$1.1 million in 4QFY2019 compared to gross loss of S\$0.5 million in 4QFY2018. The gross profit margin for 4QFY2019 was 1.7% compared to gross loss margin for 4QFY2018 of -0.7%.

Other Income

Other income increased by approximately S\$300,000 mainly due to increase in rental income received in 4QFY2019.

Other Losses

Other losses (net) of approximately S\$607,000 in 4QFY2019 were mainly attributable to foreign exchange loss of approximately S\$447,000 and fair value loss on derivative financial instruments of approximately S\$95,000.

Administrative Expenses

Administrative expenses increased marginally from S\$1.9 million in 4QFY2018 to S\$2.1 million in 4QFY2019 due to increase in property taxes on the buildings of the Group and staff remuneration.

Finance Expenses

The increase in finance expenses in 4QFY2019 was mainly due to increase in bank borrowings during the quarter.

Other Operating Expenses

The slight increase in other operating expenses in 4QFY2019 was mainly due to increase in upkeep of the Group's property during the quarter under review.

Share of Profit of Joint Ventures

The Group recognised a loss of approximately S\$2,000 in the share of profit of its joint ventures in 4QFY2019 as compared to a loss of approximately S\$17,000 in the comparative quarter.

Income tax expenses

The Group recognised income tax expense of approximately S\$263,000 in 4QFY2019 mainly due to current income tax provided for in the quarter review.

Net loss after tax

With the impact of the above, the Group reported a net loss after tax of approximately S\$2.9 million in 4QFY2019.

(b) **12MFY2019 vs 12MFY2018**

For 12MFY2019, the Group reported a net loss of approximately S\$9.1 million compared to net loss of approximately S\$3.3 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue increased by 13.5% from S\$208.6 million in 12MFY2018 to S\$236.8 million in 12MFY2019. The increase in revenue is attributable to increase in construction activities during 12MFY2019.

Major revenue contributors in 12MFY2019 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);
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).
- 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);
- Tuas Bay Close project (construction of a multi-user general industrial development at Tuas Bay Close);
- Tuas Bay Drive project (construction of a multi-user general industrial development at Tuas Bay Drive); and
- Yishun HDB project (public housing development at Yishun).

The Group reported a gross profit of S\$5.1 million in 12MFY2019 compared to gross profit of S\$6.6 million in 12MFY2018. The gross profit margin for 12MFY2019 has decreased from 3.2% to 2.2% mainly due to increase in cost in precast and prefabrication division during the period.

Other Income

Other income increased by approximately S\$1.5 million mainly due to increase in rental income received in 12MFY2019.

Other Losses

Other losses (net) of approximately S\$1.0 million in 12MFY2019 were mainly attributable to foreign exchange loss of approximately S\$599,000 and fair value loss on derivative financial instrument of approximately S\$350,000.

Administrative Expenses

Administrative expenses increased from S\$6.8 million in 12MFY2018 to S\$8.7 million in 12MFY2019 mainly due to the increase in various administrative expenses including property taxes on the buildings of the Group as well as utilities and staff remuneration.

Finance Expenses

The increase in finance expenses in 12MFY2019 was mainly due to increase in bank borrowings during the period under review.

Other Operating Expenses

The increase in other operating expenses in 12MFY2019 was mainly due to increase in depreciation on property, plant and machinery and amortisation of intangible assets during the period under review.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$11,000 in the share of profit of its joint ventures in 12MFY2019 as compared to a gain of approximately S\$143,000 in the comparative period.

Income tax expenses

The Group recognised income tax expenses of approximately S\$727,000 in 12MFY2019 mainly due to (i) income tax arising from overseas subsidiaries at a higher income tax rate which are not available to offset income tax loss in Singapore and (ii) expenses not deductible for tax purposes (i.e. depreciation on building).

Net loss after tax

With the impact of the above, the Group reported a net loss after tax of approximately S\$9.1 million in 12MFY2019.

9

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

Save for the explanation in paragraph 8, there is no material deviation in the actual results for the 4QFY2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 September 2019.

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 the press release released by the Ministry of Trade and Industry Singapore on 17 February 2020, the Singapore economy grew by 1.0% on a year-on-year ("yoy") basis in the fourth quarter of 2019, faster than the 0.7% growth in the third quarter. The construction sector grew by 4.3% (on a yoy basis) in the fourth quarter, accelerating from the 3.1% expansion in the third quarter. Growth was supported by both public sector and private sector construction works.

Despite positive growth in the local construction industry since the beginning of the current financial year, the tender for new construction contracts in the local market remain competitive and challenging. The Group will continue to tender for new construction contracts, both in the public and private sector.

During the period under review, the Group's construction division secured 3 construction contracts worth approximately S\$220.9 million in aggregate, leading to a total of S\$321.4 million worth of construction contracts win for FY2019. Meanwhile, the Group's precast and prefabrication division secured 2 supply and delivery contracts worth approximately S\$44.4 million. Subsequent to the period under review, the Group's construction division secured another construction contract worth approximately S\$48.3 million.

The Group's precast and prefabrication division has continued to gain strength since it turned operational in the first quarter of the year, with approximately S\$2.3 million of revenue recognised in 4QFY2019. As high capital investment has been injected into the business, the depreciation and amortisation charges of the related manufacturing facilities are correspondingly significant to the financial performance of the Group at present. The Group will continue to ramp up the production, both in the Group's ICPH and Malaysia plants, for the secured orders from customers, while reaching out on opportunities to secure more orders. The Group will also seek to grow the division going forward in tandem with the push towards adoption of DfMA technologies in the industry.

The Group's order book as at 31 December 2019 amounted to S\$540.1 million, which comprise S\$479.5 million (of which, S\$407.6 million from local projects, S\$71.9 million from Myanmar projects) of construction projects, and S\$60.6 million of precast and prefabrication supply contracts.

11 Dividend

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

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Please refer to item 19.

(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.

There is no dividend recommended for the period ended 31 December 2019 as the Group reported net loss.

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
<u>Transactions during 4QFY2019</u>		
Soilbuild Group Holdings Ltd. & its subsidiaries		
Award of construction contracts	-	220,850

14 Acquisitions and Realisations under Rule 706A

Not applicable.

15 Use of Proceeds from Preferential Offering of Rights Shares

Pursuant to the preferential offering of Rights Shares on 29 July 2019, the Company received net proceeds from the issue of the shares of approximately S\$12.0 million after deducting the actual issue expenses of S\$0.3 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 Rights Shares	Amount Allocated S\$'000	Amount Used As At 31 December 2019 S\$'000	Amount Unused As At 31 December 2019 S\$'000
- To fund the expansion of the Pontian Factory	10,000	2,781	7,219
- To fund the acquisition of plant and machinery by the Group's Precast Concrete Builders group of companies	1,956	1,150	806
	11,956	3,931	8,025

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 and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interest of the Group.

16 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).

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

	Singapore			Myanmar		Malaysia	Others	Elimination	Group
	Construction	Precast	Others	Construction	Others	Precast			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2019									
Revenue									
External customers	197,515	863	-	38,386	-	-	-	-	236,764
Inter-segment revenue	5,593	3,369	-	-	-	403	-	(9,365)	-
	<u>203,108</u>	<u>4,232</u>	<u>-</u>	<u>38,386</u>	<u>-</u>	<u>403</u>	<u>-</u>	<u>(9,365)</u>	<u>236,764</u>
Result									
Segment result before interest	730	(4,310)	(665)	1,780	(117)	(2,183)	24	(3,707)	(8,448)
Interest income									35
Loss before income tax									(8,413)
Income tax expense									(727)
Net loss									<u>(9,140)</u>
Segment results include:									
- Depreciation of property, plant and equipment	6,177	339	-	302	60	1,078	4	-	7,960
- Amortisation of intangible assets	119	84	-	-	-	-	-	-	203
- Share of profit of joint ventures	11	-	-	-	-	-	-	-	11
Segment assets	<u>162,753</u>	<u>32,345</u>	<u>6,963</u>	<u>40,685</u>	<u>2,645</u>	<u>23,675</u>	<u>68</u>	<u>-</u>	<u>269,134</u>
Segment assets includes:									
Investment in joint ventures	40	-	-	-	-	-	-	-	40
Additions to:									
- Property, plant and equipment	5,247	516	-	80	-	4,576	-	-	10,419
- Intangible assets	101	289	-	-	-	-	-	-	390
Segment liabilities	<u>(162,496)</u>	<u>(5,378)</u>	<u>(277)</u>	<u>(16,255)</u>	<u>(5)</u>	<u>(2,943)</u>	<u>(33)</u>	<u>-</u>	<u>(187,387)</u>

	Singapore			Myanmar		Malaysia	Others	Elimination	Group
	Construction	Precast	Others	Construction	Others	Precast			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2018									
Revenue									
External customers	157,811	-	-	50,773	-	-	-	-	208,584
Inter-segment revenue	532	-	-	-	-	-	-	(532)	-
	<u>158,343</u>	<u>-</u>	<u>-</u>	<u>50,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532)</u>	<u>208,584</u>
Result									
Segment result before interest	(6,264)	(283)	(692)	5,646	(114)	(218)	(22)	(495)	(2,442)
Interest income									31
Loss before income tax									(2,411)
Income tax expense									(871)
Net loss									<u>(3,282)</u>
Segment results include:									
- Depreciation of property, plant and equipment	3,043	50	-	247	-	70	1	-	3,411
- Amortisation of intangible assets	123	1	-	-	-	-	1	-	125
- Amortisation of land lease prepayment	1,124	-	-	-	59	3	-	-	1,186
- Share of profit of joint ventures	143	-	-	-	-	-	-	-	143
Segment assets	<u>172,346</u>	<u>2,150</u>	<u>377</u>	<u>37,238</u>	<u>3,473</u>	<u>15,975</u>	<u>65</u>	<u>-</u>	<u>231,624</u>
Segment assets includes:									
Investment in joint ventures	525	-	-	-	-	-	-	-	525
Additions to:									
- Property, plant and equipment	37,211	68	-	580	-	13,530	24	-	51,413
- Land lease prepayment	2,892	-	-	-	-	2,059	-	-	4,951
Segment liabilities	<u>(117,148)</u>	<u>(2,881)</u>	<u>(328)</u>	<u>(31,970)</u>	<u>-</u>	<u>(294)</u>	<u>(60)</u>	<u>-</u>	<u>(152,681)</u>

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

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

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 A breakdown of sales

	The Group			
	Financial year ended 31/12/2019 \$'000	Financial year ended 31/12/2018 \$'000	Increase/(Decrease)	
			\$'000	%
(a) Sales reported for first half year	109,865	83,890	25,975	31%
(b) Operating (loss)/profit after taxation reported for the first half year	(1,825)	731	(2,556)	NM
(c) Sales reported for second half year	126,899	124,694	2,205	2%
(d) Operating loss after taxation reported for the second half year	(7,315)	(4,013)	(3,302)	82%

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

Total Annual Dividend

	Financial year ended 31 December 2019 (\$'000)	Financial year ended 31 December 2018 (\$'000)
Interim dividends	-	-
Proposed final dividend	-	-
Proposed special dividend	-	-
Total	-	-

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

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

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Non-Executive Director

27 February 2020