



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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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

	Third Quarter Ended 30 September			Nine Months Ended 30 September		
	2019 S\$'000	2018 S\$'000	Change %	2019 S\$'000	2018 S\$'000	Change %
Revenue	61,232	46,511	31.7	171,097	130,401	31.2
Cost of sales	(63,029)	(44,576)	41.4	(167,111)	(123,251)	35.6
Gross (loss)/profit	(1,797)	1,935	NM	3,986	7,150	(44.3)
Gross (loss)/profit margin	-2.9%	4.2%	NM	2.3%	5.5%	(3.2)
Other income	1,118	662	68.9	2,756	1,567	75.9
Other losses, net	(188)	(39)	382.1	(408)	(57)	615.8
Expenses						
Administrative	(2,122)	(1,307)	62.4	(6,566)	(4,854)	35.3
Marketing	(5)	(4)	25.0	(18)	(8)	125.0
Finance	(503)	(159)	216.4	(1,394)	(342)	307.6
Others	(1,428)	(1,001)	42.7	(4,154)	(2,528)	64.3
Share of profit of joint ventures	10	24	(58.3)	13	160	(91.9)
(Loss)/profit before income tax	(4,915)	111	NM	(5,785)	1,088	NM
Income tax credit/(expense)	491	(11)	NM	(464)	(257)	80.5
Net (loss)/profit	(4,424)	100	NM	(6,249)	831	NM
Other comprehensive income:						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	387	89	334.8	249	177	40.7
Total comprehensive (loss)/income	(4,037)	189	NM	(6,000)	1,008	NM
(Loss)/profit attributable to:						
Equity holders of the Company	(4,424)	113	NM	(6,249)	844	NM
Non-controlling interests	-	(13)	NM	-	(13)	NM
	(4,424)	100		(6,249)	831	
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(4,037)	202	NM	(6,000)	1,021	NM
Non-controlling interests	-	(13)	NM	-	(13)	NM
	(4,037)	189		(6,000)	1,008	

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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
(I) Other income				
Interest income	5	8	18	24
Service income	75	185	259	458
Rental income	758	339	2,044	681
Others (including wage credit and grants received)	280	130	435	404
	1,118	662	2,756	1,567
(II) Other losses, net				
Gain/(loss) on disposal of property, plant and equipment, net	-	2	(1)	25
Fair value loss on derivative financial instrument	(255)	-	(255)	-
Foreign exchange gains/(losses)	67	(41)	(152)	(82)
	(188)	(39)	(408)	(57)
(III) (Loss)/profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(40)	(31)	(104)	(94)
Depreciation of property, plant and equipment	(1,738)	(754)	(4,471)	(2,186)
Amortisation of land lease prepayments	(316)	(308)	(947)	(875)
Depreciation of right of use, land lease	(57)	-	(171)	-
Property, plant and equipment written off	-	-	(31)	-
Gain/(loss) on disposal of property, plant and equipment, net	-	2	(1)	25
(IV) Income tax expense				
Tax expense attributable to profit is made up of:				
(Loss)/profit from current financial period:				
- current income tax	537	23	(418)	(223)
- deferred income tax	22	-	22	-
	559	23	(396)	(223)
Under provision in prior financial period:				
- current income tax	(162)	(34)	(162)	(34)
- deferred income tax	94	-	94	-
	491	(11)	(464)	(257)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/09/2019 S\$'000	31/12/2018 S\$'000	30/09/2019 S\$'000	31/12/2018 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	27,529	15,252	8,809	354
Trade and other receivables	84,688	70,175	24,099	53,468
Other current assets	1,958	1,387	27	8
Inventory	1,350	-	-	-
	115,525	86,814	32,935	53,830
Non-current assets				
Trade and other receivables	9,837	7,305	-	-
Investments in subsidiaries	-	-	68,770	32,020
Investments in joint ventures	520	525	-	-
Property, plant and equipment	100,045	101,891	-	-
Intangible assets	321	330	-	-
Land lease prepayment	33,019	33,928	-	-
Right of use - Land lease	475	-	-	-
Deferred income tax assets	947	831	-	-
	145,164	144,810	68,770	32,020
Total assets	260,689	231,624	101,705	85,850
LIABILITIES				
Current liabilities				
Trade and other payables	101,509	96,018	21,403	17,478
Borrowings	23,833	51,554	-	-
Current income tax liabilities	736	436	-	85
Lease Liability	227	-	-	-
Provision for other liabilities	1,592	1,490	-	-
	127,897	149,498	21,403	17,563
Non-current liabilities				
Trade and other payables	3,388	3,183	-	-
Borrowings	44,000	-	-	-
Lease liability	250	-	-	-
Derivative financial instruments	255	-	-	-
	47,893	3,183	-	-
Total liabilities	175,790	152,681	21,403	17,563
NET ASSETS	84,899	78,943	80,302	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	100	(149)	-	-
Performance share plan reserve	-	-	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	6,188	12,437	621	562
	84,899	78,943	80,302	68,287
Non-controlling interest	-	-	-	-
TOTAL EQUITY	84,899	78,943	80,302	68,287

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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

Total assets increased by S\$29.1 million from S\$231.6 million as at 31 December 2018 to S\$260.7 million as at 30 September 2019, mainly due to the increase in both current and non-current trade and other receivables of \$17.0 million and the increase in cash and cash equivalents of S\$12.3 million. The increase in current and non-current trade and other receivables were due to increase in progress billings receivables and retention due from customers while the increase in cash and cash equivalents of S\$12.3 million was explained in the Consolidated Statement of Cash Flow.

Total liabilities increased by S\$23.1 million from S\$152.7 million as at 31 December 2018 to S\$175.8 million as at 30 September 2019, mainly due to the increase in both current and non-current trade and other payables of S\$5.7 million and the increase in borrowings of S\$16.3 million. The increase of current and non-current trade and other payables were due to increase in payables to suppliers and subcontractors while the increase in borrowings were due to drawdown of short term bank loans to finance the operation of the Group.

As at 30 September 2019, the Group's current liabilities, amounting to S\$127.9 million, exceeded its current assets, amounting to S\$115.5 million by S\$12.4 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 finalising the 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 proceeds from the Preferential Offering of Right Shares will be used mainly for the expansion of the manufacturing plants in Malaysia.

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

	As at 30 September 2019 S\$'000	As at 31 December 2018 S\$'000
Amount repayable in one year or less, or on demand		
- Secured	6,000	50,000
- Unsecured	17,833	1,554
Amount repayable after one year		
- Secured	44,000	-
- Unsecured	-	-

The Group's total borrowings of S\$67.8 million comprise (i) a term loan of S\$50.0 million, and (ii) short term bank loans of S17.8 million for the purposes as more explained in the above.

Details of any collaterals

The Group's term loan amounting to S\$50.0 million as at 30 September 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

	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash flows from operating activities				
Net (loss)/profit	(4,424)	100	(6,249)	831
Adjustments for:				
- Amortisation of intangible assets	40	31	104	94
- Depreciation of property, plant and equipment	1,738	754	4,471	2,186
- Depreciation of right of use, land lease	57	-	171	-
- Amortisation of land lease prepayment	316	308	947	875
- Interest income	(5)	(8)	(18)	(24)
- Interest expense	503	159	1,394	342
- Income tax (credit)/expense	(491)	11	464	257
- (Gain)/loss on disposal of property, plant and equipment	-	(2)	1	(25)
- Property, plant and equipment written off	(1)	-	31	-
- Fair value loss on derivatives	255	-	255	-
- Share of profit of joint ventures	(10)	(24)	(13)	(160)
Operating cash flows before working capital changes	(2,022)	1,329	1,558	4,376
Changes in working capital:				
- Trade and other receivables	(3,382)	(9,442)	(17,045)	(7,707)
- Other current assets	258	10,259	(571)	10,135
- Inventory	(852)	-	(1,350)	-
- Trade and other payables	1,998	(305)	5,625	(15,764)
- Provision for other liabilities	(1)	34	102	618
Cash (used in)/generated from operations	(4,001)	1,875	(11,681)	(8,342)
Income tax paid	75	(31)	(195)	(336)
Net cash (used in)/generated from operating activities	(3,926)	1,844	(11,876)	(8,678)
Cash flows from investing activities				
Additions to property, plant and equipment	(3,170)	(7,369)	(7,406)	(30,650)
Additions of intangible assets	-	-	(95)	-
Additions of land lease prepayment	-	-	-	(2,892)
Proceeds from disposal of property, plant and equipment	48	59	215	405
Proceeds from government grant	4,683	-	4,683	-
Distribution received from a joint venture	12	24	18	249
Dividend received from a joint venture	-	-	-	300
Interest received	5	8	18	24
Net cash used in investing activities	1,578	(7,278)	(2,567)	(32,564)
Cash flows from financing activities				
Proceeds from issuance of shares	11,956	-	11,956	75
Proceeds from bank loans	1,984	6,476	17,571	26,611
Repayment of bank loans	(30)	-	(1,382)	-
Repayment of lease liability	(53)	-	(167)	-
Interest paid	(493)	(160)	(1,323)	(315)
Net cash provided by financing activities	13,364	6,316	26,655	26,371
Net increase/(decrease) in cash and cash equivalents	11,016	882	12,212	(14,871)
Cash and cash equivalents at beginning of financial period	16,312	12,091	15,252	27,871
Effects of currency translation on cash and cash equivalents	201	70	65	43
Cash and cash equivalents at end of financial period	27,529	13,043	27,529	13,043
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:				
Cash at bank and on hand	27,529	13,043	27,529	13,043

Operating Activities

For the third quarter ended 30 September 2019 ("3QFY2019"), the net cash outflow from operating activities amounted to S\$3.9 million as compared to net cash inflow of S\$1.8 million in the comparative quarter. The decrease in cash inflow from operating activities in 3QFY2019 was mainly attributable to the decrease in collections from customers and operating loss reported.

For the nine months ended 30 September 2019 ("9MFY2019"), the net cash outflow from operating activities amounted to S\$11.9 million as compared to net cash outflow of S\$8.7 million in the comparative period. The cash outflow from operating activities in 9MFY2019 was mainly attributable to the decrease in collections from customers and operating loss reported.

Investing Activities

For 3QFY2019, cash inflow from investing activities was S\$1.6 million as compared to cash outflow of S\$7.3 million in the comparative quarter. The cash inflow in 3QFY2019 was mainly attributable to the grant received from Building & Construction Authority and partially offsetted by the plant and machinery costs incurred for the Group's ICPH, as well as the construction cost incurred for the Group's expansion of its factory in Pontian, Johor, Malaysia capitalised during the quarter under review.

For 9MFY2019, cash outflow from investing activities was S\$2.6 million as compared to cash outflow of S\$32.6 million in the comparative period. The cash outflow in 9MFY2019 was mainly attributable to the same reasons as explained above.

Financing Activities

For 3QFY2019 and 9MFY2019, the cash inflow from financing activities was due to proceeds from Preferential Offering of Rights Shares exercise on 29 July 2019 amounting to S\$12.0 million and short term bank loans drawdown to finance the Group's operation.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 period	-	-	-	-	-	(6,249)	(6,249)	-	(6,249)
Other comprehensive income for the period	-	-	-	249	-	-	249	-	249
Total comprehensive profit/(loss) for the period	-	-	-	249	-	(6,249)	(6,000)	-	(6,000)
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 30 September 2019	71,553	8,128	(1,070)	100	-	6,188	84,899	-	84,899
Balance as at 31 December 2017									
As previously reported	59,597	8,128	(1,070)	(310)	-	16,652	82,997	(3)	82,994
Effect of adopting SFRS(I) 1	-	-	-	(92)	-	92	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	(3)	-	(1,065)	(1,068)	-	(1,068)
Balance as at 1 January 2018, as restated	59,597	8,128	(1,070)	(405)	-	15,679	81,929	(3)	81,926
Profit/(loss) for the period	-	-	-	-	-	844	844	(13)	831
Other comprehensive income for the period	-	-	-	177	-	-	177	-	177
Total comprehensive profit for the period	-	-	-	177	-	844	1,021	(13)	1,008
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	75	75
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	75	75
Balance as at 30 September 2018	59,597	8,128	(1,070)	(228)	-	16,523	82,950	59	83,009

Company	Attributable to equity holders of the Company				
	Share Capital S\$'000	Warrant Reserve S\$'000	Share Plan Reserve S\$'000	Retained Profits S\$'000	Total Equity S\$'000
Balance as at 1 January 2019	59,597	8,128	-	562	68,287
Profit for the period	-	-	-	59	59
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	59	59
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 30 September 2019	71,553	8,128	-	621	80,302
Balance as at 1 January 2018	59,597	8,128	-	343	68,068
Profit for the period	-	-	-	193	193
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	193	193
Balance as at 30 September 2018	59,597	8,128	-	536	68,261

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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 period 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 30 September 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 30 September 2019).

Issued Ordinary Shares

The movement of issued ordinary shares of the Company during the period 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 30 September 2019	841,235,625

Warrants

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

	No. of Warrants		
	2016 Warrants	2019 Warrants	Total
As at 1 January 2019	166,683,500	-	166,683,500
Add : Alloted 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 30 September 2019	168,847,995	168,247,125	337,095,120

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 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 30 September 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 30 September 2019.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2018 except in the current financial year, the Group and the Company have adopted all the new and revised standards, including SFRS (I) 16 *Leases*, which are effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised standards did not have any significant effect on the financial performance or position of the Group and the Company.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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		Group	
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2019	2018	2019	2018
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	-0.53	0.01	-0.74	0.12
- Weighted average number of ordinary shares ('000)	841,236	672,988	841,236	672,988
(b) On a fully diluted basis (cents per share)	-0.56	0.01	-0.88	0.13
- Adjusted weighted average number of ordinary shares ('000)	790,030	631,318	712,431	641,713

- (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 offerings, 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.

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	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
Net asset value per ordinary share (cents)	10.09	11.73	9.55	10.15
Total number of shares in issue	841,235,625	672,988,500	841,235,625	672,988,500

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

- 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) **3QFY2019 vs 3QFY2018**

For 3QFY2019, the Group reported a net loss of approximately S\$4.4 million compared to net profit of approximately S\$100,000 reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue increased by 31.7% from S\$46.5 million in 3QFY2018 to S\$61.2 million in 3QFY2019. The increase in revenue is due to the progress of on-going projects in 2019.

Major revenue contributors in 3QFY2019 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 3QFY2019, the Precast and Prefabrication division contributed approximately S\$1.1 million to the Group's revenue on sales of its products.

The Group reported a gross loss of S\$1.8 million in 3QFY2019 compared to gross profit of S\$1.9 million in 3QFY2018 which is, attributable to additional construction cost incurred for certain completed projects as well as depreciation charges and factory cost incurred for the Group's ICPH. The gross loss margin for 3QFY2019 was 2.9% compared to gross profit margin for 3QFY2018 of 4.2%.

Other Income

Other income increased by approximately S\$456,000 mainly due to increase in rental income in 3QFY2019.

Other Losses

Other losses (net) of approximately S\$188,000 in 3QFY2019 were mainly attributable to fair value loss on derivative financial instrument of approximately S\$255,000 and partially offset by foreign exchange gain of approximately S\$67,000.

Administrative Expenses

Administrative expenses increased from S\$1.3 million in 3QFY2018 to S\$2.1 million in 3QFY2019 mainly due to increase in various administrative expenses including property taxes on the buildings of the Group, staff remuneration and professional fees.

Finance Expenses

The increase in finance expenses in 3QFY2019 was mainly due to higher bank borrowings in 3QFY2019 compared to the comparative quarter.

Other Operating Expenses

The increase in other operating expenses in 3QFY2019 was mainly due to increase in depreciation on property, plant and machinery and amortisation of land lease prepayment, right of use and intangible assets during the quarter under review.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$10,000 in the share of profit of its joint ventures in 3QFY2019 as compared to a gain of approximately S\$24,000 in the comparative quarter.

Income tax expenses

The Group recognised income tax credit of approximately S\$491,000 in 3QFY2019 mainly due to overprovision of current income tax provided for in earlier quarters.

Net (loss)/profit after tax

With the impact of the above, the Group reported a net loss after tax of approximately S\$4.4 million in 3QFY2019.

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(b) **9MFY2019 vs 9MFY2018**

For 9MFY2019, the Group reported a net loss of approximately S\$6.2 million compared to net profit of approximately S\$831,000 reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue increased by 31.2% from S\$130.4 million in 9MFY2018 to S\$171.1 million in 9MFY2019. The increase in revenue is attributable to increase in construction activities during 9MFY2019.

Major revenue contributors in 9MFY2019 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);
- 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 9MFY2019, the Precast and Prefabrication division contributed approximately S\$1.9 million to the Group's revenue on sales of its products.

The Group reported a gross profit of S\$4.0 million in 9MFY2019 compared to gross profit of S\$7.2 million in 9MFY2018. The decrease in gross profit in 9MFY2019 is attributable to additional cost incurred for certain completed projects as well as depreciation charges and factory cost incurred for the Group's ICPH. The gross profit margin for 9MFY2019 was 2.3% compared to gross profit margin for 9MFY2018 of 5.5%.

Other Income

Other income increased by approximately S\$1.2 million mainly due to increase in rental income in 9MFY2019.

Other Losses

Other losses (net) of approximately S\$408,000 in 9MFY2019 were mainly attributable to fair value loss on derivative financial instrument of approximately S\$255,000 and foreign exchange loss of approximately S\$152,000.

Administrative Expenses

Administrative expenses increased from S\$4.9 million in 9MFY2018 to S\$6.6 million in 9MFY2019 mainly due in 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 9MFY2019 was mainly due to higher bank borrowings during the period under review.

Other Operating Expenses

The increase in other operating expenses in 9MFY2019 was mainly due to increase in depreciation on property, plant and machinery and amortisation of land lease prepayment, right of use and intangible assets during the period under review.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$13,000 in the share of profit of its joint ventures in 9MFY2019 as compared to a gain of approximately S\$160,000 in the comparative period.

Income tax expenses

The Group recognised income tax expenses of approximately S\$464,000 in 9MFY2019 mainly due to net profit before tax reported by the Group's subsidiaries in Myanmar.

Net (loss)/profit after tax

With the impact of the above, the Group reported a net loss after tax of approximately S\$6.2 million in 9MFY2019.

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 3QFY2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 June 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 advance estimates released by the Ministry of Trade and Industry Singapore on 14 October 2019, the Singapore economy grew by 0.1% on a year-on-year ("yoy") basis in the third quarter of 2019, the same pace as the 0.1% growth in the previous quarter. The construction sector grew by 2.7% (on a yoy basis) in the third quarter, extending the 2.8% expansion in the previous quarter. The growth in the sector was supported by a pickup in both public and private sector construction activities.

During the period under review, the Group's construction division secured a construction contract worth approximately S\$14.0 million to erect a 3-storey single-user ramp-up general industrial factory at Jalan Lam Huat, Singapore. Meanwhile, the Group's precast and prefabrication division secured its largest contract, since operation, worth approximately S\$28.8 million to fabricate, supply and deliver precast concrete components, including Prefabricated Prefinished Volumetric Construction ("PPVC") works for a HDB BTO project in Tengah, Singapore, in October 2019.

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.

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\$1.1 million of revenue recognised in 3QFY2019. 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 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 30 September 2019 amounted to S\$359.7 million which comprises S\$342.8 million for construction projects and S\$16.9 million for precast supply and delivery contracts. For the construction project order book, S\$243.5 million are projects in Singapore while S\$99.3 million are projects in Myanmar.

11 Dividend

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

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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.

There is no dividend recommended for the period ended 30 September 2019 as the Group reported net loss.

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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 3QFY2019	Nil	Nil

14 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 30 September 2019 S\$'000	Amount Unused As At 30 September 2019 S\$'000
- To fund the expansion of the Pontian Factory	10,000	458	9,542
- To fund the acquisition of plant and machinery by the Group's Precast Concrete Builders group of companies	1,956	-	1,956
	11,956	458	11,498

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.

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 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman
31 October 2019

Ho Toon Bah
Non-Executive Director