



## **MEDIA RELEASE**

### **SOILBUILD CONSTRUCTION'S 2Q NET PROFIT UP 42% TO \$5.9 MILLION**

- *Performance driven by strong contributions from third-party projects*
- *Declares interim dividend of 0.50 cents per share*

**Singapore, 2 August 2013** – Soilbuild Construction Group Ltd. (SBCG) today announced a 42% increase in net profit to \$5.9 million for the second quarter ended 30 June 2013 (2QFY2013) from \$4.2 million in the corresponding period last year.

Group revenue rose 70% to \$67.9 million from \$39.9 million, mainly resulting from higher contributions from third-party projects as the Group moved towards tendering for external projects in recent years to reduce reliance on the projects awarded from its parent, Soilbuild Group Holdings Ltd.

The main contributors for revenue and gross profits were Tampines HDB (a public housing development at Tampines Central 7/Tampines Concourse), Angullia Park (a condominium housing development at Angullia Park), Changi Business Park Vista (a research and development building at Changi Business Park), and Lavender project (a mixed use development at Lavender Street/Kallang Avenue). All are third-party projects except for the Lavender project.

In addition, the Group's share of profits from its joint ventures increased to \$2.1 million from \$41,000 last year. This is mainly attributed to higher profits recognised by its 19%-owned joint venture, Solstice Development Pte. Ltd., following the completion of its fully sold development project, Solstice Business Center. Share of profits in 50%-owned Forte Builder Pte. Ltd., which is the main contractor for the Angullia Park project, also increased due to the significant construction progress achieved during the current financial period.

The higher profits were partially offset by the increase in administrative expenses. Administrative expenses were 365% higher at \$2 million due to one-off expenses incurred in relation to the listing of the Company in May 2013, higher manpower expenses, an increase in statutory and compliance expenses, as well as the reversal of an over-accrual in rental expenses in the comparative period.

For the half year ended 30 June 2013, net profit stood at \$9.6 million on revenue of \$136 million.

Soilbuild Construction Executive Director Mr Ho Toon Bah said: "We are pleased that that our decision to look beyond our parent group for projects is bearing fruits in such a

demonstrable manner. The strong contributions from third-party projects underscore our ability to hold our own against stiff competition and to deliver to clients' satisfaction.

“We believe that our mid-term to long-term prospects are conducive to growth. On the Myanmar front, we have secured an additional \$1.4 million contract to provide project management and consultancy services for a residential development by a third party developer and will continue to seek new opportunities to further strengthen our presence there.”

The Building and Construction Authority has projected a total construction demand of between \$26 billion and \$32 billion for 2013, anchored by public sector projects. The average construction demand for the next two years is projected to be \$20 billion to \$28 billion per annum, supported by the pipeline of housing and infrastructure construction projects planned by the Government to meet the needs of the population.

Mr Ho added: “We have positioned ourselves in the HDB sector through the Tampines, Ang Mo Kio, and Bukit Batok HDB projects. We are poised to benefit from a sustained demand from HDB.”

On the private sector, the Group also achieved progress in its efforts to reach out to direct end-users apart from conventional corporate developers, in the business space sector. In June 2013, the Group secured a design and build contract to construct the new headquarters for Rigel Technology (S) Pte Ltd, which is expected to commence in 2H2013, subject to the receipt of the permit to commence work and Jurong Town Corporation's approvals of the land sale to the developer and the design for the project.

As at 30 June 2013, the Group's order books amounted to \$505 million. Taking this into consideration, as well as the status of the progress of its on-going projects, barring unforeseen circumstances, the Directors of SBCG are optimistic that the Group will remain profitable for the financial year ending 31 December 2013.

This is the first financial results that the Group has released since its IPO in May. The listing of 168 million shares raised net proceeds of \$39.4 million.

The Group has declared an interim dividend of 0.50 cents per share, payable on 21 August 2013.

*The initial public offering of the Company was sponsored by United Overseas Bank Limited (the “Issue Manager”). The Issue Manager assumes no responsibility for the contents of this Media Release.*

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### **About Soilbuild Construction Group Ltd.:**

Soilbuild Construction Group Ltd. is a general construction company with over 37 years of experience during which we have handled a wide range of projects, from residential buildings to conservation houses, schools, churches, industrial buildings and business parks. Projects in which our subsidiary, Soil-Build (Pte.) Ltd. (Soil-Build), which is graded A1 by Singapore's Building and Construction Authority, acted as the main contractor, have won several architectural and environmental awards over the years.

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