



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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

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

	Second Quarter Ended 30 June			Change %	Half Year Ended 30 June			Change %
	2013	2012			2013	2012		
	S\$'000	S\$'000			S\$'000	S\$'000		
Revenue	67,895	39,936	70	135,990	63,080	116		
Cost of sales	(61,330)	(34,799)	76	(123,408)	(54,749)	125		
Gross profit	6,565	5,137	28	12,582	8,331	51		
Other income	148	448	(67)	196	719	(73)		
Expenses								
Administrative	(2,003)	(431)	365	(3,829)	(2,043)	87		
Marketing	(1)	-	NM	(1)	-	NM		
Finance	(25)	(100)	(75)	(57)	(144)	(60)		
Other operating	(123)	(99)	24	(225)	(210)	7		
Share of profit (net of tax) of joint ventures	2,094	41	5,007	2,416	62	3,797		
Profit before income tax	6,655	4,996	33	11,082	6,715	65		
Income tax expense	(774)	(840)	(8)	(1,473)	(1,134)	30		
Net profit	5,881	4,156	42	9,609	5,581	72		
Other comprehensive income, net of tax	-	-	-	-	-	-		
Total comprehensive income	5,881	4,156	42	9,609	5,581	72		
Net profit and total comprehensive income attributable to:								
Equity holders of the Company	5,881	4,156	42	9,609	5,581	72		

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
(I) Other income				
Income from sale of materials	-	33	-	92
Interest income	14	313	14	313
Service income	30	76	63	109
Rental income from investment property	10	10	20	19
Others	94	16	99	186
	148	448	196	719

Notes to the consolidated statement of comprehensive income (continued)

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
(II) Profit before income tax is arrived at after (charging)/crediting				
Amortisation of intangible assets	(5)	(6)	(8)	(11)
Depreciation of property, plant and equipment	(257)	(240)	(507)	(472)
Share issue expenses ¹	<u>(293)</u>	<u>-</u>	<u>(889)</u>	<u>-</u>
(III) Finance expenses				
Interest expense				
- bank loans	(10)	(46)	(32)	(79)
- finance lease liabilities	(15)	(13)	(25)	(24)
- loans due to immediate holding company	-	(41)	-	(41)
	<u>(25)</u>	<u>(100)</u>	<u>(57)</u>	<u>(144)</u>
(IV) Income tax expense				
Tax expense attributable to profit is made up of :				
Profit from current financial period:				
- current income tax	(774)	(849)	(1,307)	(1,278)
- deferred income tax	-	9	(166)	20
	<u>(774)</u>	<u>(840)</u>	<u>(1,473)</u>	<u>(1,258)</u>
(Over)/under provision in prior financial period:				
- current income tax	-	-	-	124
	<u>(774)</u>	<u>(840)</u>	<u>(1,473)</u>	<u>(1,134)</u>

¹ Excluding share issue expenses of approximately S\$1.1 million which were charged to shareholders' equity.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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 ¹
	30/06/2013 S\$'000	31/12/2012 S\$'000	30/06/2013 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	50,893	5,267	39,790
Trade and other receivables	33,467	47,773	4,895
Other current assets	1,266	852	15
	85,626	53,892	44,700
Investment property classified as held-for-sale	-	2,466	-
	85,626	56,358	44,700
Non-current assets			
Trade and other receivables	14,275	9,117	-
Investments in subsidiaries	-	-	17,270
Investment in joint ventures	2,449	1,220	-
Property, plant and equipment	5,159	4,724	-
Intangible assets	78	41	-
	21,961	15,102	17,270
Total assets	107,587	71,460	61,970
LIABILITIES			
Current liabilities			
Trade and other payables	40,500	48,974	1,090
Current income tax liabilities	3,318	3,934	-
Borrowings	-	1,242	-
Provision for other liabilities	1,075	962	-
	44,893	55,112	1,090
Non-current liabilities			
Borrowings	-	350	-
Deferred income tax liabilities	665	498	-
	665	848	-
Total liabilities	45,558	55,960	1,090
NET ASSETS	62,029	15,500	60,880
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	57,490	15,500	57,490
Capital reserve	(1,070)	-	-
Retained profits	5,609	-	3,390
TOTAL EQUITY	62,029	15,500	60,880

¹ There is no comparative statement for the preceding financial period for the Company as it was incorporated on 14 January 2013 with a paid-up capital of S\$1.00 comprising one (1) ordinary share at the date of incorporation.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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\$36.1 million from S\$71.5 million as at 31 December 2012 to S\$107.6 million as at 30 June 2013, arising mainly from :

- (1) increase in cash and cash equivalents of S\$45.6 million as explained in the Consolidated Statement of Cash Flows under Item 1(c);
- (2) increase in the Group's net investment in joint ventures of S\$1.2 million attributable to the Group's share of profit in the joint ventures in Solstice Development Pte Ltd ("Solstice") and Forte Builder Pte Ltd, which was partially offset by dividends received from Solstice; and
- (3) Partially offset by a decrease of S\$9.1 million in trade and other receivables due to higher collections during 1HFY2013 following the conversion of accrued revenues as at 31 December 2012 into actual progress billings.

Total liabilities decreased from S\$56.0 million as at 31 December 2012 to S\$45.6 million as at 30 June 2013, attributable principally to a reduction in trade and other payables and borrowings as a result of shorter payment turnover days as well as the full repayment of the Group's term loans and hire purchase liabilities.

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

Amount repayable in one year or less, or on demand

As at 30/06/13		As at 31/12/12	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	1,242	-

Amount repayable after one year

As at 30/06/13		As at 31/12/12	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	350	-

Details of any collaterals

- (1) The loan due to a financial institution, amounting to S\$1.3 million as at 31 December 2012 was secured by a corporate guarantee provided by Soilbuild Group Holdings Ltd. The loan has been fully repaid during the current financial period.
- (2) Finance lease liabilities of S\$0.3 million as at 31 December 2012 were secured by certain plant and equipment of the Group's subsidiaries acquired under finance leases. The finance lease liabilities have been fully repaid during the current financial period.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Cash flows from operating activities				
Net profit	5,881	4,156	9,609	5,581
Adjustments for:				
- Amortisation and depreciation	262	246	515	483
- Finance expense	25	100	57	144
- Interest income	(14)	(313)	(14)	(313)
- Income tax expense	774	840	1,473	1,134
- Share issue expenses	293	-	889	-
- Share of profit of joint ventures	(2,094)	(41)	(2,416)	(62)
Operating cash flows before working capital changes	5,127	4,988	10,113	6,967
Changes in working capital				
- Trade and other receivables	9,161	10,038	9,148	14,201
- Other current assets	(98)	2,772	(414)	(26)
- Trade and other payables	(3,882)	(1,155)	(8,474)	(12,854)
- Provision for other liabilities	(323)	10	113	205
Cash generated from operations	9,985	16,653	10,486	8,493
Income tax paid	(1,763)	(527)	(1,922)	(402)
Net cash provided by operating activities	8,222	16,126	8,564	8,091
Cash flows from investing activities				
Purchases of property, plant and equipment	(150)	(344)	(943)	(371)
Purchases of intangible assets	(11)	(4)	(45)	(9)
Proceeds from sale of property, plant and equipment	1	-	1	-
Proceeds from sale of investment property	280	-	2,466	-
Dividends received from a joint venture	1,187	-	1,187	-
Repayment of loans by a joint venture	-	-	-	931
Interest received	14	313	14	313
Loans due from immediate holding company	-	(12,418)	-	(10,510)
Net cash provided by/(used in) investing activities	1,321	(12,453)	2,680	(9,646)
Cash flows from financing activities				
Proceeds from issuance of shares	42,000	-	42,000	-
Share issue expenses	(1,373)	-	(1,969)	-
Proceeds from bank loans	-	5,000	-	5,000
Repayment of bank loans	(1,077)	(1,249)	(1,338)	(1,498)
Proceeds from loans due to immediate holding company	-	-	-	14,618
Repayment of loans due to immediate holding company	-	(6,451)	-	(15,430)
Repayments of finance lease liabilities	(156)	(135)	(254)	(242)
Dividends paid to equity holders of the Company	(4,000)	-	(4,000)	-
Interest paid	(25)	(102)	(57)	(146)
Net cash provided by/(used in) financing activities	35,369	(2,937)	34,382	2,302
Net increase in cash and cash equivalents	44,912	736	45,626	747
Cash and cash equivalents at beginning of financial period	5,981	3,855	5,267	3,844
Cash and cash equivalents at end of financial period	50,893	4,591	50,893	4,591

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank and on hand	50,893	4,591	50,893	4,591
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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

Operating Activities

The Group generated net cash of S\$8.2 million in 2QFY2013 compared to S\$16.1 million in the comparative quarter. The lower operating cash flows generated in 2QFY2013 were attributable to higher payments of trade and other payables and income tax. The higher cash flows generated in 2QFY2012 arose from higher collections from trade and other receivables during the period and the refund of deposits submitted in relation to tenders for construction projects.

For 1HFY2013, the Group generated higher cash inflows of S\$8.6 million compared to S\$8.1 million in 1HFY2012 which was in line with the higher operating profits. This was partially offset by higher income tax paid and lower working capital change.

Investing Activities

The Group generated cash inflows of S\$1.3 million and S\$2.7 million from its investing activities in 2QFY2013 and 1HFY2013 respectively, mainly due to dividends received from its joint venture in Solstice Development Pte Ltd during 2QFY2013 as well as proceeds from the sales of its investment property at Jalan Lokam pursuant to a collective sale. In the prior comparative periods, the Group incurred cash outflows mainly due to loans extended to its immediately holding company.

Financing Activities

The Group generated cash inflows of S\$35.4 million and S\$34.4 million from financing activities in 2QFY2013 and 1HFY2013 respectively. This is mainly attributable to net proceeds raised from the Group's IPO in May 2013, offset by the payment of an interim dividend of S\$4.0 million and net repayment of bank loans, finance lease liabilities as well as loans due to the immediate holding company.

In comparison, the Group incurred cash outflows of S\$2.9 million in 2QFY2012 and lower cash inflows of S\$2.3 million in 1HFY2012 from its financing activities. This arose mainly from the repayment of loans due the immediate holding company and finance lease liabilities, which is offset by proceeds (net of repayment) from bank loans undertaken to fund the working capital of the Group for the period.

- 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

Group	Share Capital	Capital Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2013	15,500	-	-	15,500
Total comprehensive income for the period	-	-	3,728	3,728
Balance as at 31 March 2013	15,500	-	3,728	19,228
Share swap pursuant to the Restructuring Exercise	(15,500)	-	-	(15,500)
Issuance of shares pursuant to the Restructuring	16,570	(1,070)	-	15,500
Issuance of new shares pursuant to the IPO	42,000	-	-	42,000
Share issue expenses	(1,080)	-	-	(1,080)
Dividends relating to 2013 paid ¹	-	-	(4,000)	(4,000)
Total comprehensive income for the period	-	-	5,881	5,881
Balance as at 30 June 2013	57,490	(1,070)	5,609	62,029
Balance as at 1 January 2012²	15,500	-	19,942	35,442
Total comprehensive income for the period ²	-	-	1,425	1,425
Balance as at 31 March 2012	15,500	-	21,367	36,867
Total comprehensive income for the period ²	-	-	4,156	4,156
Balance as at 30 June 2012	15,500	-	25,523	41,023
Company³	Share Capital	Capital Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at date of incorporation on 14 January	-	-	-	-
Total comprehensive loss for the period	-	-	(405)	(405)
Balance as at 31 March 2013	-	-	(405)	(405)
Issuance of shares pursuant to the Restructuring	16,570	-	-	16,570
Issuance of new shares pursuant to the IPO	42,000	-	-	42,000
Share issue expense	(1,080)	-	-	(1,080)
Total comprehensive income for the period	-	-	3,795	3,795
Balance as at 30 June 2013	57,490	-	3,390	60,880

Note:

¹ As disclosed in the Company's prospectus dated 17 May 2013, on 26 April 2013, our subsidiaries, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd., paid an interim dividend of S\$4.0 million in aggregate to Soilbuild Group Holdings Ltd ("SBGH"). This is not reflected in the statement of changes in equity for the Company as the dividends were paid before the Restructuring Exercise as defined in Item 1d (ii).

² For illustrative and comparative purposes, the figures for FY2012 are computed assuming that the Group had been in existence as at 1 January 2012. For the purpose of presentation of the Group's comparative share capital, the share capital represents the aggregate of the paid-up capital of its subsidiaries.

³ There is no comparative statement as Soilbuild Construction Group Ltd was incorporated on 14 January 2013. Issued and paid up capital as at the date of incorporation of Soilbuild Construction Group Ltd was S\$1.00 comprising of one ordinary share.

1d (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.

1. Share Capital

The Company was incorporated on 14 January 2013.

Movements in the share capital of the Company since the date of the incorporation of the Company are as follows:

	<u>No. of ordinary shares</u>
As at the date of incorporation	1
Additional shares arising from:	
- shares issued pursuant to the Restructuring Exercise (as defined below ¹)	15,499,999
- subdivision of each ordinary share into thirty-two ordinary shares pursuant to the	480,500,000
- issuance of new ordinary shares pursuant to the IPO (as defined below ³)	168,000,000
As at 30 June 2013	<u>664,000,000</u>

(1) On 6 May 2013, 15,499,999 shares were issued to the Company's immediate holding company, SBGH as consideration for the sale by SBGH of the entire issued ordinary shares in the capital of each of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. to the Company. Pursuant to the Restructuring Exercise, the Company's issued and paid-up capital was increased to approximately S\$16.6 million, comprising 15,500,000 ordinary shares, of which one ordinary share was paid-up in cash and the remaining 15,499,999 shares were paid up with assets other than cash.

(2) On 9 May 2013, the Company undertook a share split exercise pursuant to which each ordinary share in the capital of the Company was subdivided into thirty-two ordinary shares in the capital of the Company (the "Share Split").

(3) On 23 May 2013, the Company allotted 168,000,000 new shares for issuance pursuant to its initial public offering (the "IPO"). The Company was listed on SGX-ST on 27 May 2013.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2013.

1d (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 share capital of the Company as at 30 June 2013 comprised 664,000,000 ordinary shares (31 December 2012 : nil ordinary shares as the Company was incorporated on 14 January 2013).

1d (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 were no treasury shares as at 30 June 2013.

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.

Group Restructuring

Upon completion of the Restructuring Exercise, the Company held Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. as subsidiaries. The Company and its subsidiaries (the "Group") formed an independent construction group, distinct from the principal property development and investment activities of its immediate holding company, SBGH and its subsidiaries.

The acquisition of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. by the Company has been accounted for as a capital reorganisation as the entities transferred were managed as a single business. Accordingly, the financial statements of the Group are presented as follows:

- (i) The statements of financial position of the Group as at 30 June 2013 and 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Group for the second quarter ended 30 June 2013 and 30 June 2012, half year ended 30 June 2013 and 30 June 2012 have been prepared as if the Company had been the holding company of the Group throughout the respective financial periods rather than from the date on which the reorganisation was completed.
- (ii) The assets and liabilities of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. were brought into the Group's books based on their existing carrying value in the consolidated financial statements of SBGH. No adjustments were made to the carrying values of those assets and liabilities, as the financial statements of the Group, Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd. have been prepared using consistent accounting policies.
- (iii) The share capital of the Group would reflect the share capital of the Company on the date which the reorganisation was completed and is measured based on the deemed cost of acquiring Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd., being the existing carrying values of the net assets acquired. The retained profits of the Group as at 31 December 2012 is the retained profits of Soil-Build (Pte.) Ltd., SB Procurement Pte. Ltd. and SB Project Services Pte. Ltd.. The resulting differences as at 31 December 2012 are recognised separately as a component of equity.
- (iv) All significant intra-group transactions and balances have been eliminated on combination.

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 2013. 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 SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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			
	Second Quarter Ended 30 June		Half Year Ended 30 June	
	2013	2012	2013	2012
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	1.04	0.84	1.81	1.13
- Weighted average number of ordinary shares	566,933	496,000	531,467	496,000
(b) On a fully diluted basis (cents per share)	1.04	0.84	1.81	1.13
- Adjusted weighted average number of ordinary shares	566,933	496,000	531,467	496,000

- (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. The weighted average number of shares has been adjusted for the Share Split as if the Share Split had occurred at the beginning of the respective periods.
 (b) There are no ordinary shares with potential dilutive effects. Accordingly, there are no adjustments made for the weighted average number of shares.

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	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
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.				
Net asset value per ordinary share (cents)	9.34	100.00	9.17	-
Total number of shares in issue ¹	664,000,000	15,500,000	664,000,000	-

¹ The number of shares in issue for the Group as at 31 December 2012 is reflected as the number of shares of the Group as at 6 May 2013 when the Restructuring Exercise was completed.

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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) **2QFY2013 vs 2QFY2012**

For 2QFY2013, the Group achieved a net profit to S\$5.9 million, which represented a growth of 42% over the S\$4.2 million reported in the comparative quarter.

Revenue & Gross Profit

For the period under review, the Group's revenue grew by 70% from S\$39.9 million in 2QFY2012 to S\$67.9 million in 2QFY2013. Gross profit also increased correspondingly from S\$5.1 million in 2QFY2012 to S\$6.6 million in 2QFY2013.

The increase was contributed mainly from revenue and gross profits recognised in line with the progress of the following construction projects :

- Tampines HDB project (public housing development at Tampines Central 7/Tampines Concourse),
- Angullia Park project (condominium housing development at Angullia Park)
- Changi Business Park Vista project (research and development building at Changi Business Park), and
- Lavender project (mixed use development at Lavender Street/Kallang Avenue).

No revenue has been recognised in respect of these projects in the comparative quarter as construction activities on these projects have not commenced or were at preliminary stage.

The revenue growth was partially offset by lower revenue contributions in 2QFY2013 from the Northspring BizHub project (ramp up industrial development at Yishun Street 23), as well as the absence in revenue contributions from projects which have been completed in the earlier periods.

Despite the higher revenue and gross profit, gross profit margin declined to 9.7% in 2QFY2013. The higher gross profit margin in 2QFY2012, was attributable to the recognition of variation orders for the West Park BizCentral project (light industrial development at Tanjong Kling) following the finalisation of the project account with the customer.

Other Income

Other income decreased from S\$0.4 million in 2QFY2012 to S\$0.1 million in 2QFY2013 mainly due to the absence of interest income derived from loans extended to the immediate holding company, which has ceased since 31 December 2012.

Administrative Expenses

Administrative expenses increased significantly from S\$0.4 million in 2QFY2012 to S\$2.0 million in 2QFY2013 mainly due to:

- one-off share issue expenses incurred in relation to the listing of the Company in May 2013,
- higher manpower expenses as manpower resources are strengthened to support the growth of the operations,
- increase in statutory and compliance expenses following the listing of the Company, and
- the reversal of an over-accrual in rental expenses in 2QFY2012.

Finance Expenses

Finance expenses reduced significantly from S\$0.1 million in 2QFY2012 to S\$25k in 2QFY2013 following the full repayment of the Group's borrowings and cessation of intercompany loans since 31 December 2012.

Other Operating Expenses

Other operating expenses resulted mainly from higher travelling expenses which was in line with the increased staff strength as well as the Group's expansion into Myanmar.

Share of Profit of Joint Ventures

The Group recognised S\$2.1 million in share of profit of its joint ventures in Solstice Development Pte Ltd ("Solstice") and Forte Builder Pte Ltd in 2QFY2013. This was attributable mainly to higher profits recognised by Solstice, following the completion of its fully sold development project, Solstice Business Center. Share of profits in Forte Builder Pte. Ltd., which is the main contractor for the Anguilla Park project, also increased due to the significant progress in its stage of completion during the current financial period.

Income Tax Expense

After adjusting for the Group's share of profits of joint ventures, which are reported net of tax, the Group's tax expenses for the current and comparative periods are in line with the Singapore statutory corporate tax rate of 17%.

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

YTD 1HFY2013 vs YTD 1HFY2012

For the six months ended 30 June 2013, the Group recorded a net profit of S\$9.6 million which represented a growth of 72% from the net profit of S\$5.6 million recognised in the corresponding period.

Revenue & Gross Profit

The increase in net profit was driven principally by higher revenue and gross profit recognised in 1HFY2013. The Group's revenue grew by 116% from S\$63.1 million in 1HFY2012 to S\$136.0 million in 1HFY2013. Gross profit also increased correspondingly from S\$8.3 million in 1HFY2012 to S\$12.6 million in 1HFY2013.

The increase was contributed mainly from maiden recognition of revenue and gross profits in respect of the Tampines HDB project, Angullia Park project, Changi Business Park Vista project, and Lavender project.

This was partially offset by lower revenue contributions from projects which have been completed in the previous comparative period, as well as the absence of variation orders for the West Park BizCentral project which was recognised in 1HFY2012. This also contributed to the decline in gross profit margin during the period under review.

Other Income

Other income decreased from S\$0.7 million in 1HFY2012 to S\$0.2 million in 1HFY2013 mainly due to the absence of:

- interest income derived from loans extended to the immediate holding company, which has ceased since 31 December 2012; and
- income from renovation works carried out for certain purchasers of units in the North Point Bizhub project (ramp up industrial development at Yishun Avenue 6) which the Group acted as the main contractor.

Administrative expenses

Administrative expenses for 1HFY2013 rose by S\$1.8 million when compared with the corresponding period, due to the factors as explained above for the increase in administrative expenses for 2QFY2013.

Finance Expenses

The decline in finance expenses from S\$0.1 million in 1HFY2012 to S\$57k in 1HFY2013 is attributable mainly to the full repayment of the Group's borrowings in the current period and cessation of intercompany loans since 31 December 2012.

Other Operating Expenses

Other operating expenses also increased by S\$15k from the corresponding period, resulting mainly from higher travelling expenses which is in line with the increased staff strength and the Group's expansion into Myanmar, which is partially offset by the decrease in depreciation charges on office equipment.

Share of Profit of Joint Ventures

The Group's share of profits of joint ventures increased significantly during the current period mainly due to its share of higher profits recognised by Solstice, following the completion of its fully sold development project, Solstice Business Center, as explained above. Share of profits in Forte Builder Pte. Ltd., which is the main contractor for the Anguilla Park project, also increased due to the significant progress in its stage of completion during the current financial period.

Income Tax Expense

After adjusting for the Group's share of profits of joint ventures, which are reported net of tax, the Group's tax expenses for the current and comparative periods are in line with the Singapore statutory corporate tax rate of 17%.

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

Not applicable.

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 advanced estimates released by the Ministry of Trade and Industry Singapore on 12 July 2013, the Singapore economy grew by 3.7% on a year-on-year basis in the second quarter of 2013, compared to 0.2% in the preceding quarter. The construction sector grew by 5.6% on a year-on-year basis, compared to 6.8% in the preceding quarter. On a quarter-on-quarter basis, the sector expanded by an annualised rate of 9.0%, moderating from the 14.3% growth in the previous quarter.

Meanwhile, the BCA has earlier, in January 2013, projected a total construction demand from private and public sectors (including public housing and infrastructure construction works) of between S\$26 billion to S\$32 billion for 2013, anchored by public sector projects. For 2014 to 2015, the average construction demand from private and public sectors (including public housing and infrastructure construction works) is projected to be S\$20 billion to S\$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.

Moving forward, the Group will continue to pursue its strategy to further develop its position in the public housing construction sector. In this regard, the Group has secured two additional HDB projects in Ang Mo Kio and Bukit Batok during 1HFY2013. We intend to continue to participate in future tenders by HDB, while concurrent efforts will be placed in the execution of the three HDB projects secured on hand.

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.

We also intend to continue to solicit for awards of construction contracts from Soilbuild Group Holdings Ltd. ("SBGH") and its subsidiaries, which the Group believes would reap synergies that are beneficial to both parties. In particular, as at the date of this announcement, the Group is in the process of submitting a proposal to SBGH, to provide construction services for SBGH's joint venture in Yangon, Myanmar, to develop a condominium housing project.

On the Myanmar front, the Group has secured an additional US\$1.1 million (approximately S\$1.4 million) contract in July 2013 to provide professional consultancy and project management services for a residential development by a third party developer and intends to continue to seek new opportunities to further strengthen its presence there

As at 30 June 2013, the Group's order books amounted to S\$505.6 million, with our projects taking generally between 18 – 36 months to complete. External competitive pressures are not likely to ease as the Group continues to pursue new tender opportunities. Pressures on margins are also expected to continue, driven primarily by manpower costs pressures. The Group intends to continue to focus on efforts to strengthen internal capabilities for project execution and delivery, as well as productivity improvements.

Taking into consideration the state of the order books, as well as the status of the progress of the current projects, barring unforeseen circumstances, the Board is optimistic that the Group will remain profitable for the financial year ending 31 December 2013.

11 Dividend

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

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	Interim (one-tier)
Dividend type	Cash
Dividend amount per share (in cents)	0.50
Tax rate	Tax exempt

(b) Corresponding period of the immediately preceding financial year

Not applicable

(d) The date the dividend is payable

21 August 2013

(e) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Book and Register of Members of the Company will be closed on 15 August 2013 for the preparation of dividend payment. Duly stamped and completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road #02-00, Singapore 068898, up to 5.00 p.m. on 14 August 2013 will be registered to determine shareholders' entitlement to the interim dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 14 August 2013 will be entitled to the interim dividend.

12 If no dividend has been declared/recommended, 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) ⁽¹⁾
	S\$'000	S\$'000
<u>Construction contracts awarded during 2Q2013</u>		
SB (Mandai) Investment Pte. Ltd.	-	3,943
SB (Westview) Investment Pte. Ltd.	-	5,495
SB (Northview) Investment Pte. Ltd.	-	2,557

Note:

(1) Value refers to the contract value or the value of variation orders, as the case may be, relating to interested person transactions conducted under the shareholders' mandate which was adopted by the Company on 9 May 2013.

14 Use of IPO Proceeds

Pursuant to the IPO, the Company received net proceeds from the issue of the new shares of approximately S\$39.4 million after deducting the actual issue expenses of S\$2.6 million as set out below. The IPO proceeds have not been utilised as at the date of this announcement.

Use of IPO proceeds	Amount Allocated S\$'000	Amount Used S\$'000	Amount Unused S\$'000
Investment in productivity improvements	Up to 10,000	-	Up to 10,000
Expansion of construction business to certain countries in Asia	Up to 5,000	-	Up to 5,000
Working capital purposes	24,400	-	24,400
	39,400	-	39,400

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 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 second quarter financial statements for the period ended 30 June 2013 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

2 August 2013

Ho Toon Bah
Executive Director

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 Announcement.