



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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

<u>Item No</u>	<u>Description</u>	<u>No.</u>
1(a)	Consolidated Statement of Comprehensive Income	2
1(b)(i)	Statements of Financial Position	4
1(b)(ii)	Group's Borrowings and Debt Securities	5
1(c)	Consolidated Statement of Cash Flows	6
1(d)(i)	Statements of Changes in Equity	8
1(d)(ii)	Changes in Company's Issued Share Capital	9
1(d)(iii)	Total Number of Issued Shares	9
1(d)(iv)	Treasury Shares	9
2	Audit	9
3	Auditors' Report	9
4	Accounting Policies	9
5	Changes in the Accounting Policies	9
6	Earnings Per Ordinary Share	10
7	Net Asset Value Per Ordinary Share	10
8	Review of Group Performance	11
9	Variance from Prospects Statement	13
10	Prospects	13
11 - 12	Dividends	13
13	Interested Persons Transactions	14
14	Use of Proceeds from Preferential Offering of Warrants	14
15	Undertakings from all its directors and executive officers under Rule 720(1)	14
16	Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST	14

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	Second Quarter Ended 30 June			Half Year Ended 30 June		
	2017	2016	Change	2017	2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	48,311	105,315	(54.1)	114,902	207,823	(44.7)
Cost of sales	(45,718)	(100,524)	(54.5)	(109,646)	(195,727)	(44.0)
Gross profit	2,593	4,791	(45.9)	5,256	12,096	(56.5)
Gross profit margin	5.4%	4.5%	0.9	4.6%	5.8%	(1.2)
Other income	488	874	(44.2)	940	1,359	(30.8)
Other (losses) / gains, net	(136)	74	(283.8)	(261)	(73)	257.5
Expenses						
Administrative	(1,751)	(2,551)	(31.4)	(3,946)	(4,983)	(20.8)
Marketing	(8)	(12)	(33.3)	(26)	(12)	116.7
Finance	(20)	-	NM	(37)	-	NM
Others	(602)	(496)	21.4	(1,060)	(951)	11.5
Share of profit of joint ventures	245	-	NM	267	8	NM
Profit before income tax	809	2,680	(69.8)	1,133	7,444	(84.8)
Income tax expense	(160)	(497)	(67.8)	(114)	(1,295)	(91.2)
Net profit	649	2,183	(70.3)	1,019	6,149	(83.4)
Other comprehensive income/(loss):						
Items that may be classified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(181)	25	(824.0)	(55)	(30)	83.3
Total comprehensive income	468	2,208	(78.8)	964	6,119	(84.2)
Total comprehensive income attributable to:						
Equity holders of the Company	468	2,208	(78.8)	964	6,119	(84.2)

NM : Not meaningful

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

Notes to the consolidated statement of comprehensive income

	Second Quarter Ended		Half Year Ended	
	30 June		30 June	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
(I) Other income				
Interest income	13	5	24	14
Service income	202	292	391	403
Rental income	41	44	113	104
Others (including wage credit and grants received)	232	533	412	838
	488	874	940	1,359
(II) Other (losses) / gains, net				
Loss on disposal of property, plant and equipment, net	(2)	(13)	(1)	(13)
Foreign exchange (loss) / gain	(134)	87	(260)	(60)
	(136)	74	(261)	(73)
(III) Profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(20)	(18)	(36)	(35)
Depreciation of property, plant and equipment	(609)	(663)	(1,213)	(1,324)
Amortisation of land lease prepayments	(227)	(222)	(449)	(444)
Loss on disposal of property, plant and equipment, net	(2)	(13)	(1)	(13)
(IV) Income tax expense				
Tax expense attributable to profit is made up of:				
Profit from current financial period:				
- current income tax	(160)	(480)	(114)	(1,278)
- deferred income tax	-	-	-	-
	(160)	(480)	(114)	(1,278)
Under provision in prior financial period:				
- current income tax	-	(17)	-	(17)
- deferred income tax	-	-	-	-
	(160)	(497)	(114)	(1,295)

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	
	30/6/2017 S\$'000	31/12/2016 S\$'000	30/6/2017 S\$'000	31/12/2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	29,937	32,830	1,581	5,312
Trade and other receivables	68,911	103,427	44,059	42,094
Other current assets	6,747	2,175	6	6,512
	105,595	138,432	45,646	53,918
Non-current assets				
Trade and other receivables	7,930	14,918	-	-
Other non-current assets	10,000	10,000	-	-
Investments in subsidiaries	-	-	23,270	23,270
Investments in joint ventures	2,925	2,784	-	-
Property, plant and equipment	30,227	23,474	-	-
Intangible assets	223	179	-	-
Land lease prepayments	27,934	25,535	-	-
	79,239	76,890	23,270	23,270
Total assets	184,834	215,322	68,916	77,188
LIABILITIES				
Current liabilities				
Trade and other payables	90,658	112,702	676	378
Current income tax liabilities	828	2,016	71	145
Provision for other liabilities	1,264	1,119	-	-
	92,750	115,837	747	523
Non-current liabilities				
Deferred income tax liabilities	1,394	1,394	-	-
Total liabilities	94,144	117,231	747	523
NET ASSETS	90,690	98,091	68,169	76,665
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,597	58,798	59,597	58,798
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	61	116	-	-
Performance share plan reserve	-	719	-	719
Warrant reserve	8,128	8,161	8,128	8,161
Retained profits	23,974	31,367	444	8,987
TOTAL EQUITY	90,690	98,091	68,169	76,665

SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

Total assets decreased by S\$30.5 million from S\$215.3 million as at 31 December 2016 to S\$184.8 million as at 30 June 2017, mainly due to the decrease in both current and non-current trade and other receivables of S\$34.5 million and S\$7.0 million respectively, which was partially offset by the increase in property, plant and equipment of S\$6.8 million and land lease prepayments of S\$2.4 million.

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

The decrease in non-current trade and other receivables of S\$7.0 million was mainly due to decrease in retentions receivable from customers.

The increase in property, plant and equipment of S\$6.8 million was due to capitalisation of construction cost incurred for the Group's Integrated Construction and Precast Hub (ICPH) locate at Airport Road.

The increase in land lease prepayments of S\$2.4 million was due to the acquisition of a 48-year lease of industrial land at Thilawa Economic Zone, Myanmar for production facilities of building components and steel fabrication work.

Total liabilities decreased from S\$117.2 million as at 31 December 2016 to S\$94.1 million as at 30 June 2017, mainly due to the decrease in trade and other payables of S\$22.0 million. The decrease in trade and other payables was due to payment to suppliers and sub-contractors.

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

Amount repayable in one year or less, or on demand (if any, Details of any collaterals)

Not applicable as there were no borrowings and debt securities as at 30 June 2017 and 31 December 2016.

Details of any collaterals

Not applicable as there were no borrowings and debt securities as at 30 June 2017 and 31 December 2016.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash flows from operating activities				
Net profit	649	2,183	1,019	6,149
Adjustments for:				
- Amortisation of intangible assets	20	18	36	35
- Depreciation of property, plant and equipment	609	663	1,213	1,324
- Amortisation of land lease prepayments	227	222	449	444
- Share-based compensation expense	(160)	231	(75)	503
- Interest income	(13)	(5)	(24)	(14)
- Interest expense	20	-	37	-
- Income tax expense	160	497	114	1,295
- Loss on disposal of property, plant and equipment, net	2	13	1	13
- Share of profit of joint ventures	(245)	-	(267)	(8)
Operating cash flows before working capital changes	1,269	3,822	2,503	9,741
Changes in working capital				
- Trade and other receivables	26,015	3,349	41,504	26,870
- Other current assets	(1,438)	(381)	(4,572)	(555)
- Trade and other payables	(2,432)	12,090	(22,044)	(9,407)
- Provision for other liabilities	138	(107)	145	(206)
Cash generated from operations	23,552	18,773	17,536	26,443
Income tax paid	(658)	(625)	(1,302)	(1,255)
Net cash provided by operating activities	22,894	18,148	16,234	25,188
Cash flows from investing activities				
Additions to property, plant and equipment	(4,869)	(1,969)	(8,400)	(2,930)
Additions to intangible assets	(80)	(13)	(80)	(22)
Additions of land lease prepayments	(2,848)	-	(2,848)	-
Proceeds from sale of property, plant and equipment	404	18	410	18
Distribution from joint venture	104	-	126	-
Interest received	13	5	24	14
Net cash used in investing activities	(7,276)	(1,959)	(10,768)	(2,920)
Cash flows from financing activities				
Proceeds from issuance of shares	63	-	122	-
Proceeds from bank loans	5,000	-	9,500	-
Repayment of bank loans	(5,000)	-	(9,500)	-
Dividends paid to equity holders of the Company	(8,412)	(10,042)	(8,412)	(10,042)
Interest paid	(20)	-	(37)	-
Net cash used in financing activities	(8,369)	(10,042)	(8,327)	(10,042)
Net increase/(decrease) in cash and cash equivalents	7,249	6,147	(2,861)	12,226
Cash and cash equivalents at beginning of financial period	22,746	12,749	32,830	6,721
Effects of currency translation on cash and cash equivalents	(58)	21	(32)	(30)
Cash and cash equivalents at end of financial period	29,937	18,917	29,937	18,917

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

Cash at bank and on hand	29,937	18,917	29,937	18,917
--------------------------	---------------	---------------	---------------	---------------



SOILBUILD CONSTRUCTION GROUP LTD.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

Operating Activities

For the second quarter ended 30 June 2017 ("2QFY2017"), the net cash inflow from operating activities amounted to S\$22.9 million as compared to net cash inflow of S\$18.1 million in the comparative quarter. The increase in cash inflow from operating activities in 2QFY2017 was mainly attributed to decrease in trade and other receivables during the period under review.

For the half year ended 30 June 2017 ("1HFY2017"), the net cash inflow from operating activities amounted to S\$16.2 million as compared to net cash inflow of S\$25.2 million in the comparative period. The decrease in cash inflow from operating activities in 1HFY2017 was mainly due to lower operating activities during the period, as well as the payment of deposit for the purchase of automated precast equipment amounting to approximately S\$3.4 million.

Investing Activities

For 2QFY2017, the cash outflow from investing activities amounted to S\$7.3 million as compared to S\$2.0 million in the comparative quarter. The cash outflow in 2QFY2017 was mainly attributable to the construction cost incurred for the Group's integrated construction precast hub located at Airport Road capitalised during the quarter under review, as well as the payment for the acquisition of a 48-year lease of industrial land at Thilawa Economic Zone, Myanmar. The industrial land at Thilawa Economic Zone will be used to set up production facilities for building components and for steel fabrication work.

For 1HFY2017, cash outflow from investing activities of S\$10.8 million as compared to S\$2.9 million in comparative period was mainly due to the reasons as explained above.

Financing Activities

For 2QFY2017 and 1HFY2017, the cash outflow from financing activities was due to payment of dividend of S\$8.4 million.

- 1 (d)(i) A statement (for the issuer and group) showing either
 (i) all changes in equity or
 (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY	Attributable to equity holders of the Company						
	Share Capital	Warrant Reserve	Capital Reserve	Currency Translation Reserve	Performance Share Plan Reserve	Retained Profits	Total Equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	58,798	8,161	(1,070)	116	719	31,367	98,091
Profit for the period	-	-	-	-	-	1,019	1,019
Other comprehensive loss for the period	-	-	-	(55)	-	-	(55)
Total comprehensive income for the period	-	-	-	(55)	-	1,019	964
Share-based compensation expenses	-	-	-	-	(75)	-	(75)
Issuance of shares pursuant to the performance share plan	644	-	-	-	(644)	-	-
Issuance of shares pursuant to issuance of warrants	155	(33)	-	-	-	-	122
Dividend paid	-	-	-	-	-	(8,412)	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	-	-	(719)	(8,412)	(8,365)
Balance as at 30 June 2017	59,597	8,128	(1,070)	61	-	23,974	90,690
Balance as at 1 January 2016	58,047	-	(1,070)	51	964	32,881	90,873
Profit for the period	-	-	-	-	-	6,149	6,149
Other comprehensive income for the period	-	-	-	(30)	-	-	(30)
Total comprehensive income for the period	-	-	-	(30)	-	6,149	6,119
Share-based compensation expenses	-	-	-	-	503	-	503
Issuance of shares pursuant to the performance share plan	748	-	-	-	(748)	-	-
Dividend paid	-	-	-	-	-	(10,042)	(10,042)
Total transactions with owners, recognised directly in equity	748	-	-	-	(245)	(10,042)	(9,539)
Balance as at 30 June 2016	58,795	-	(1,070)	21	719	28,988	87,453

Company	Attributable to equity holders of the Company				
	Share Capital	Warrant Reserve	Performance Share Plan Reserve	Retained Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	58,798	8,161	719	8,987	76,665
Loss for the period	-	-	-	(131)	(131)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(131)	(131)
Share-based compensation expenses	-	-	(75)	-	(75)
Issuance of shares pursuant to the Performance share plan	644	-	(644)	-	-
Issuance of shares pursuant to issuance of warrants	155	(33)	-	-	122
Dividend paid	-	-	-	(8,412)	(8,412)
Total transactions with owners, recognised directly in equity	799	(33)	(719)	(8,412)	(8,365)
Balance as at 30 June 2017	59,597	8,128	-	444	68,169
Balance as at 1 January 2016	58,047	-	964	12,931	71,942
Profit for the period	-	-	-	1,473	1,473
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	1,473	1,473
Share-based compensation expenses	-	-	503	-	503
Issuance of shares pursuant to the Performance share plan	748	-	(748)	-	-
Dividend paid	-	-	-	(10,042)	(10,042)
Total transactions with owners, recognised directly in equity	748	-	(245)	(10,042)	(9,539)
Balance as at 30 June 2016	58,795	-	719	4,362	63,876

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

Preferential Offering of Warrants

During the period under review, an aggregate of 338,500 warrants have been exercised. As a result, the total number of outstanding warrants is 166,684,500 as at 30 June 2017. Correspondingly, the Company issued an aggregate of 338,500 new ordinary shares in the capital of the Company pursuant to the exercise of warrants.

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

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

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

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

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

Issued Ordinary Shares

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

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

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

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

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

The number of issued shares of the Company as at 30 June 2017 comprised 672,987,500 ordinary shares (31 December 2016: 669,489,500 ordinary shares).

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

There are no treasury shares as at 30 June 2017.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

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

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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

Earnings per share (EPS)	Group			
	Second Quarter Ended 31 March		Half Year Ended 30 June	
	2017	2016	2017	2016
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.10	0.33	0.15	0.92
- Weighted average number of ordinary shares ('000)	672,400	668,798	670,970	667,525
(b) On a fully diluted basis (cents per share)	0.09	0.32	0.14	0.91
- Adjusted weighted average number of ordinary shares ('000)	708,123	680,352	709,912	677,260

- (a) Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period.
- (b) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan, and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price lower than market value.

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

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

	Group		Company	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period/year				
Net asset value per ordinary share (cents)	13.48	14.65	10.13	11.45
Total number of shares in issue	672,987,500	669,489,500	672,987,500	669,489,500

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

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

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

(a) 2QFY2017 vs 2QFY2016

For 2QFY2017, the Group achieved a net profit of S\$0.6 million compared to a net profit of S\$2.2 million reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue decreased by 54.1% from S\$105.3 million in 2QFY2016 to S\$48.3 million in 2QFY2017, while gross profit decreased by 45.9% from S\$4.8 million in 2QFY2016 to S\$2.6 million in 2QFY2017.

The major revenue contributors in 2QFY2017 were:

- ARC380 project (Erection of a 16-storey commercial development at Jalan Besar / Lavender Street);
- Lift Shafts project (Construction of lift shafts to existing pedestrian overhead bridges);
- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Sembawang HDB project (public housing development at Sembawang);
- St John project (Design and build of addition and alteration works of a shopping centre in downtown Yangon); and
- 68 Residence Project (Construction and completion of high rise serviced apartment and condominium in Yangon).

The Group's revenue in 2QFY2017 was lower than those of previous quarters as a result of completion of various projects in Singapore, while those newly secured projects have just started to contribute revenue in the current quarter.

During 2QFY2017, the Group recognised approximately S\$5.3 million revenue from the projects in Myanmar, as compared with S\$0.3 million in 2QFY2016.

Gross profit margin increased from 4.5% in 2QFY2016 to 5.4% in 2QFY2017. The higher gross profit margin in 2QFY2017 was mainly due to higher revenue recognised for projects in Myanmar where profit margins are relatively higher.

Other Income

Other income in 2QFY2017 decreased to S\$0.5 million mainly due to the decrease in government grants received which include employment credit and certain productivity incentive schemes.

Other (losses)/ gains

Other losses (net) of S\$136,000 in 2QFY2017 were mainly due to foreign exchange losses.

Administrative Expenses

Administrative expenses decreased from S\$2.6 million in 2QFY2016 to S\$1.8 million in 2QFY2017 mainly due to the decrease in payroll expenses which include directors' remuneration, staff salaries and other related cost, as well as other administrative expenses.

Other Operating Expenses

The increase in other operating expenses in 2QFY2017 was mainly due to depreciation charge on property, plant and equipment and other operating expenses.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$245,000 in the share of profit of its joint ventures in 2QFY2017.

(b) **1HFY2017 vs 1HFY2016**

For 1HFY2017, the Group achieved a net profit of S\$1.0 million compared to a net profit of S\$6.1 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue decreased by 44.7% from S\$207.8 million in 1HFY2016 to S\$114.9 million in 1HFY2017, while the gross profit decreased by 56.5% from S\$12.1 million in 1HFY2016 to S\$5.3 million in 1HFY2017.

In line with 2QFY2017, the major revenue contributors in 1HFY2017 were:

- ARC380 project (Erection of a 16-storey commercial development at Jalan Besar / Lavender Street);
- Lift Shafts project (Construction of lift shafts to existing pedestrian overhead bridges);
- Yishun HDB project (public housing development at Yishun Avenue 4/Yishun Ring Road);
- Sembawang HDB project (public housing development at Sembawang);
- St John project (Design and build of addition and alteration works of a shopping centre in downtown Yangon); and
- 68 Residence Project (Construction and completion of high rise serviced apartment and condominium in Yangon).

The Group's lower revenue in 1HFY2017 resulted from completion of various projects in Singapore, while those newly secured projects have just started to contribute revenue in the current period.

During 1HFY2017, the Group recognised approximately S\$12.6 million revenue from the projects in Myanmar, compared to S\$2.1 million in 1HFY2016.

Gross profit margin decreased from 5.8% in 1HFY2016 to 4.6% in 1HFY2017. The lower gross profit margin in 1HFY2017 was mainly due to proportionately higher revenue recognised during the period for HDB projects in Singapore where gross profit margins were relatively lower.

Other Income

Other income decreased to S\$0.9 million in 1HFY2017 mainly due to the decrease in government grants received which include employment credit and certain productivity incentive schemes.

Other losses

Other losses of S\$261,000 in 1HFY2017 were mainly due to foreign exchange losses.

Administrative Expenses

Administrative expenses decreased from S\$5.0 million in 1HFY2016 to S\$3.9 million in 1HFY2017 mainly due to the decrease in payroll expenses which include directors' remuneration, staff salaries and other related cost, as well as other administrative expenses.

Other Operating Expenses

The increase in other operating expenses in 1HFY2017 was mainly due to depreciation charge on property, plant and equipment and other operating expenses.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$267,000 in the share of profit of its joint ventures in 1HFY2017 as compared to a gain of approximately S\$8,000 in the comparative period.

Income tax expenses

After adjusting for the Group's share of profits of joint ventures, which is reported net of tax, the Group's effective tax rate for the 1HFY2017 is 13.2% as compared to 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.

There is no material deviation in the actual results for the 2QFY2017 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 31 March 2017.

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

Based on advance estimates released by the Ministry of Trade and Industry Singapore on 14 July 2017, the Singapore economy grew by 2.5% on a year-on-year ("yoy") basis in the second quarter of 2017, the same pace of growth as in the previous quarter. The construction sector contracted by 5.6% on a yoy basis, following the 6.1% decline in the previous quarter, which was resulted from the weakness in both private and public sector construction activities.

The demand for construction activities in the local market remained slow in the private sector while the tenders for public sector are highly competitive. However, the Group will continue to focus on the tender for new projects in Singapore.

During the period under review, the Group secured a US\$10.5 million construction contract to erect a hotel building in Yangon. The Group will continue to participate in more tenders in the Myanmar market.

The Group's order book as at 30 June 2017 amounted to S\$521.4 million, of which S\$336.8 million comprise order book from local construction projects while S\$184.6 million comprise order book from Myanmar construction projects

11 Dividend

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

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Name of dividend:	Interim (one-tier)
Dividend Type:	Cash
Dividend Amount per share:	S\$0.005
Tax Rate:	Tax-exempt

(c) The date the dividend is payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13 Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Transactions during 2QFY2016		
<u>Soilbuild Group Holdings Ltd. & its subsidiaries</u>		
Rental of premises	-	190
<u>Soilbuild Business Space REITS</u>		
Rental of premises	-	158
<u>Straits Law Practice LLP</u>		
Legal consultancy fee	123	-

14 Use of Proceeds from Preferential Offering of Warrants

Pursuant to the preferential offering of warrants on 13 July 2016, the Company received net proceeds from the issue of the warrants of approximately S\$8.2 million after deducting the actual issue expenses of S\$0.2 million, as set out below. The utilisation of the proceeds as at the date of this announcement is as follows:

Use of proceeds from the preferential offering of warrants	Amount Allocated S\$'000	Amount Used As At 30 June 2017 S\$'000	Amount Unused As At 30 June 2017 S\$'000
Acquisition of plant and equipment for construction works in Myanmar	Up to 2,500	1,700	Up to 800
Working capital purposes	Up to 5,700	5,700	-
	8,200	7,400	800

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

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

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

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

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

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

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman

Ho Toon Bah
Executive Director

31 July 2017