



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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	62,213	84,536	(26)	217,281	220,526	(1)
Cost of sales	(55,608)	(75,089)	(26)	(196,172)	(198,497)	(1)
Gross profit	6,605	9,447	(30)	21,109	22,029	(4)
Other income	302	139	117	915	335	173
Other gains, net	6	27	(78)	9	27	(67)
Expenses						
Administrative	(1,975)	(2,178)	(9)	(6,102)	(6,007)	2
Marketing	(4)	-	NM	(12)	(1)	1,100
Finance	-	(2)	(100)	-	(59)	(100)
Other operating	(211)	(125)	69	(517)	(350)	48
Share of profit (net of tax) of joint ventures	91	250	(64)	312	2,666	(88)
Profit before income tax	4,814	7,558	(36)	15,714	18,640	(16)
Income tax expense	(788)	(1,242)	(37)	(2,583)	(2,715)	(5)
Net profit	4,026	6,316	(36)	13,131	15,925	(18)
Other comprehensive income, net of tax	(1)	-	NM	-	-	NM
Total comprehensive income	4,025	6,316	(36)	13,131	15,925	(18)
Net profit and total comprehensive income attributable to:						
Equity holders of the Company	4,025	6,316	(36)	13,131	15,925	(18)

NM : Not meaningful

Notes to the consolidated statement of comprehensive income

	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
(l) Other income				
Income from sale of materials	-	21	-	21
Interest income	66	33	213	47
Service income	58	31	142	94
Rental income	84	15	246	35
Others	94	39	314	138
	302	139	915	335

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Notes to the consolidated statement of comprehensive income (continued)

	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
(II) Other gains, net				
Gain on disposal of property, plant and equipment, net	-	21	5	21
Foreign exchange gain	6	6	4	6
	<u>6</u>	<u>27</u>	<u>9</u>	<u>27</u>
(III) Profit before income tax is arrived at after (charging)/crediting:				
Amortisation of intangible assets	(6)	(5)	(16)	(13)
Depreciation of property, plant and equipment	(567)	(343)	(1,536)	(850)
Gain on disposal of property, plant and equipment, net	-	21	5	21
Share issue expenses	-	-	-	(889)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(889)</u>
(IV) Finance expenses				
Interest expenses				
- Bank loans	-	(2)	-	(34)
- Finance lease liabilities	-	-	-	(25)
	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(59)</u>
(V) Income tax expense				
Tax expense attributable to profit is made up of :				
Profit from current financial period:				
- current income tax	(791)	(1,242)	(2,593)	(2,549)
- deferred income tax	-	-	-	(166)
	<u>(791)</u>	<u>(1,242)</u>	<u>(2,593)</u>	<u>(2,715)</u>
(Under)/over-provision in prior financial period:				
- current income tax	(133)	-	(260)	-
- deferred income tax	136	-	270	-
	<u>(788)</u>	<u>(1,242)</u>	<u>(2,583)</u>	<u>(2,715)</u>

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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	
	30/9/2014 S\$'000	31/12/2013 S\$'000	30/9/2014 S\$'000	31/12/2013 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	48,614	75,956	29,621	30,927
Trade and other receivables	63,741	55,890	10,258	20,707
Other current assets	823	2,752	31	17
	<u>113,178</u>	<u>134,598</u>	<u>39,910</u>	<u>51,651</u>
Non-current assets				
Trade and other receivables	10,157	12,459	-	-
Other non-current assets	10,000	-	-	-
Investments in subsidiaries	-	-	19,770	17,270
Investment in joint ventures	2,692	3,026	-	-
Property, plant and equipment	12,940	11,377	-	-
Intangible assets	59	74	-	-
	<u>35,848</u>	<u>26,936</u>	<u>19,770</u>	<u>17,270</u>
Total assets	<u>149,026</u>	<u>161,534</u>	<u>59,680</u>	<u>68,921</u>
LIABILITIES				
Current liabilities				
Trade and other payables	67,382	83,168	1,013	1,833
Current income tax liabilities	3,156	3,376	-	10
Provision for other liabilities	1,486	1,001	-	-
	<u>72,024</u>	<u>87,545</u>	<u>1,013</u>	<u>1,843</u>
Non-current liabilities				
Deferred income tax liabilities	583	853	-	-
Total liabilities	<u>72,607</u>	<u>88,398</u>	<u>1,013</u>	<u>1,843</u>
NET ASSETS	<u>76,419</u>	<u>73,136</u>	<u>58,667</u>	<u>67,078</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	57,490	57,490	57,490	57,490
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(1)	(1)	-	-
Performance share reserve	112	-	112	-
Retained profits	19,888	16,717	1,065	9,588
TOTAL EQUITY	<u>76,419</u>	<u>73,136</u>	<u>58,667</u>	<u>67,078</u>

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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\$12.5 million from S\$161.5 million as at 31 December 2013 to S\$149.0 million as at 30 September 2014, which arose mainly from:

- (1) Decrease in cash and cash equivalents of S\$27.3 million as explained in the Consolidated Statement of Cash Flows.
- (2) Decrease in non-current trade and other receivables of S\$2.3 million mainly due to the reclassification of non-current retention receivable from non-current to current assets.
- (3) Decrease in investment in joint ventures of S\$0.3 million mainly due to the receipt of dividend income amounted to S\$0.6 million from a joint venture, partially offset by S\$0.3 million share of profit from joint ventures in the YTD nine months ended 30 September 2014 ("9MFY2014").

The decrease in total assets was partially offset by the increase in the following categories of assets during the period under review:

- (1) Increase in other non-current assets of S\$10.0 million pertaining to a security deposit paid to a customer for a construction project.
- (2) Increase in current trade and other receivables mainly due to the increase in accrued revenue due from customers for completed projects.
- (3) Increase in property, plant and equipment of S\$1.6 million due to additions to property, plant and equipment of S\$3.1 million, partially offset by depreciation charge of S\$1.5 million.

Total liabilities decreased from S\$88.4 million as at 31 December 2013 to S\$72.6 million as at 30 September 2014 which was mainly due to the decrease in trade and other payables of S\$15.8 million. The decrease in trade and other payables was mainly attributed to the payments made to sub-contractors during 9MFY2014.

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

Amount repayable in one year or less, or on demand

Not applicable as there were no borrowings and debt securities as at 30 September 2014 and 31 December 2013.

Details of any collaterals

Not applicable as there were no borrowings and debt securities as at 30 September 2014 and 31 December 2013.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Net profit	4,026	6,316	13,131	15,925
Adjustments for:				
- Amortisation and depreciation	573	348	1,552	863
- Share-based compensation expense	112	-	112	-
- Finance expenses	-	2	-	59
- Interest income	(66)	(33)	(213)	(47)
- Income tax expense	788	1,242	2,583	2,715
- Share issue expenses	-	-	-	889
- Gain on disposal of property, plant and equipment, net	-	(21)	(5)	(21)
- Share of profit of joint ventures	(91)	(250)	(312)	(2,666)
Operating cash flows before working capital changes	5,342	7,604	16,848	17,717
Changes in working capital				
- Trade and other receivables	(7,114)	(18,168)	(5,549)	(9,020)
- Other current assets	233	(2,233)	1,929	(2,647)
- Other non-current assets	-	-	(10,000)	-
- Trade and other payables	360	12,908	(15,786)	4,434
- Provision for other liabilities	294	(91)	485	22
Cash (used in)/generated from operations	(885)	20	(12,073)	10,506
Income tax paid	(1,289)	(1,322)	(3,073)	(3,244)
Net cash (used in)/provided by operating activities	(2,174)	(1,302)	(15,146)	7,262
Cash flows from investing activities				
Purchases of property, plant and equipment	(503)	(4,502)	(3,099)	(5,445)
Purchases of intangible assets	(1)	-	(1)	(45)
Proceeds from sale of property, plant and equipment	-	25	5	26
Proceeds from sale of investment property	-	-	-	2,466
Dividends received from a joint venture	-	-	646	1,187
Interest received	66	33	213	47
Net cash used in investing activities	(438)	(4,444)	(2,236)	(1,764)
Cash flows from financing activities				
Proceeds from issuance of shares	-	-	-	42,000
Share issue expenses	-	-	-	(1,969)
Repayment of bank loans	-	-	-	(1,338)
Repayments of finance lease liabilities	-	-	-	(254)
Dividends paid to equity holders of the Company	(3,320)	(3,320)	(9,960)	(7,320)
Interest paid	-	(2)	-	(59)
Net cash used in/(provided by) financing activities	(3,320)	(3,322)	(9,960)	31,060
Net (decrease)/increase in cash and cash equivalents	(5,932)	(9,068)	(27,342)	36,558
Cash and cash equivalents at beginning of financial period	54,547	50,893	75,956	5,267
Effects of currency translation on cash and cash equivalents	(1)	-	-	-
Cash and cash equivalents at end of financial period	48,614	41,825	48,614	41,825

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

Cash at bank and on hand	48,614	41,825	48,614	41,825
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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Operating Activities

For the third quarter ended 30 September 2014 ("3QFY2014"), the net cash outflow from operating activities amounted to S\$2.2 million as compared to net cash outflow of S\$1.3 million in the comparative quarter. The cash outflow from operating activities in 3QFY2014 was mainly attributed to changes in working capital for trade and other receivables which has increased by S\$7.1 million in 3QFY2014 mainly due to the increase in accrued revenue due from customers on completed projects.

For 9MFY2014, the net cash outflow from operating activities amounted to S\$15.1 million as compared to the net cash inflow of S\$7.3 million in the comparative period mainly due to changes in working capital for trade and other payables which had decreased by S\$15.8 million in 9MFY2014 due to the payment of progress claims to sub-contractors, as well as the increase in non-current assets of S\$10.0 million in 9MFY2014 as explained in 1(b)(i).

Investing Activities

For 3QFY2014, cash outflow from investing activities of S\$0.4 million was mainly attributed to the purchases of property, plant and equipment amounted to S\$0.5 million, which was partially offset by interest income received amounted to S\$0.1 million.

For 9MFY2014, the cash outflow from investing activities of S\$2.2 million was mainly attributed by the purchases of property, plant and equipment amounting to S\$3.1 million, partially offset by dividend received from our joint venture - Solstice Development Pte Ltd which amounted to S\$0.6 million and interest received of S\$0.2 million.

Financing Activities

For 3QFY2014 and 9MFY2014, the cash outflow from financing activities was due to payment of dividend of S\$3.3 million and S\$10.0 million respectively.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

- 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	Currency Translation Reserve	Performance Share Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	57,490	(1,070)	(1)	-	16,717	73,136
Total comprehensive income for the period	-	-	-	-	3,868	3,868
Balance as at 31 March 2014	57,490	(1,070)	(1)	-	20,585	77,004
Dividends relating to 2013 paid	-	-	-	-	(6,640)	(6,640)
Total comprehensive income for the period	-	-	1	-	5,237	5,238
Balance as at 30 June 2014	57,490	(1,070)	-	-	19,182	75,602
Dividends relating to 2014 paid	-	-	-	-	(3,320)	(3,320)
Share-based compensation expense ¹	-	-	-	112	-	112
Total comprehensive income for the period	-	-	(1)	-	4,026	4,025
Balance as at 30 September 2014	57,490	(1,070)	(1)	112	19,888	76,419
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 ²	(15,500)	-	-	-	-	(15,500)
Issuance of shares pursuant to the Restructuring ²	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 ³	-	-	-	-	(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
Dividends relating to 2013 paid	-	-	-	-	(3,320)	(3,320)
Total comprehensive income for the period	-	-	-	-	6,316	6,316
Balance as at 30 September 2013	57,490	(1,070)	-	-	8,605	65,025

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

Company	Share Capital	Performance Share Reserve	Retained Profits	Equity attributable to the owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	57,490	-	9,588	67,078
Total comprehensive loss for the period	-	-	(690)	(690)
Balance as at 31 March 2014	57,490	-	8,898	66,388
Dividends relating to 2013 paid	-	-	(6,640)	(6,640)
Total comprehensive income for the period	-	-	2,747	2,747
Balance as at 30 June 2014	57,490	-	5,005	62,495
Dividends relating to 2014 paid	-	-	(3,320)	(3,320)
Share-based compensation expense ¹	-	112	-	112
Total comprehensive loss for the period	-	-	(620)	(620)
Balance as at 30 September 2014	57,490	112	1,065	58,667
Balance as at date of incorporation on 14 January 2013⁴	-	-	-	-
Total comprehensive loss for the period	-	-	(405)	(405)
Balance as at 31 March 2013	-	-	(405)	(405)
Issuance of shares pursuant to the Restructuring ²	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
Dividends relating to 2013 paid	-	-	(3,320)	(3,320)
Total comprehensive income for the period	-	-	1,390	1,390
Balance as at 30 September 2013	57,490	-	1,460	58,950

Note:

- ¹ On 22 August 2014, the Company announced the grant of up to 6,269,000 shares to be awarded to eligible employees of the Company under the Soilbuild Construction Performance Share Plan.
- ² On 6 May 2013, 15,499,999 shares were issued to the Company's immediate holding company, Soilbuild Group Holdings Ltd. ("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 ("Restructuring"). Pursuant to the Restructuring, 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.
- ³ As disclosed in the Company's prospectus dated 17 May 2013 (the "Prospectus"), 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 SBGH. This was not reflected in the statement of changes in equity of the Company as the dividends were paid before the Restructuring.
- ⁴ 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.

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

- 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.**

During 3QFY2014, no shares were issued or acquired by the Company. The share capital of the Company as at 30 September 2014 comprised 664,000,000 ordinary shares (31 December 2013 : 664,000,000 ordinary share).

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

On 22 August 2014, Awards of up to 6,269,000 shares were granted to eligible executives of the Company pursuant to the PSP approved by members of the Company on 9 May 2013. The Awards will be released and vested as follows:

Release and vesting of the Awards : 40% in 2015, 30% in 2016, and 30% in 2017

None of the Awards had been released and vested as at 30 September 2014.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2014.

- 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 share capital of the Company as at 30 September 2014 comprised 664,000,000 ordinary shares (31 December 2013 : 664,000,000 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 were no treasury shares as at 30 September 2014.

- 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 2013.

- 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 2014. 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 THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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			
	Third Quarter Ended 30 September		Nine Months Ended 30 September	
	2014	2013	2014	2013
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.61	0.95	1.98	2.76
- Weighted average number of ordinary shares ('000)	664,000	664,000	664,000	576,294
(b) On a fully diluted basis (cents per share)	0.60	0.95	1.98	2.76
- Adjusted weighted average number of ordinary shares ('000)	668,098	664,000	664,702	576,294

- (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 mentioned in the Prospectus), as if the Share Split had occurred at the beginning of the respective periods.
- (b) Diluted EPS is calculated based on the assumption that the share awards granted pursuant to the Soilbuild Construction Performance Share Plan on 22 August 2014 have been vested on the grant date.

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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
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)	11.51	11.01	8.84	10.10
Total number of shares in issue ('000)	664,000	664,000	664,000	664,000

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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) **3QFY2014 vs 3QFY2013**

For 3QFY2014, the Group achieved a net profit of S\$4.0 million compared to net profit of S\$6.3 million reported in the comparative quarter.

Revenue & Gross Profit

For the period under review, the Group's revenue declined by 26.4% from S\$84.5 million in 3QFY2013 to S\$62.2 million in 3QFY2014, while the gross profit decreased by 30.1% from S\$9.4 million in 3QFY2013 to S\$6.6 million in 3QFY2014.

The major revenue contributors in 3QFY2014 were:

- Mandai Connection project (ramp-up industrial development at Mandai Link);
- Bukit Batok HDB project (design and build for an upgrading project at Bukit Batok Street 31/Bukit Batok West Avenue 8);
- Xin Ming Hua project (industrial development at Tuas Crescent);
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51); and
- Rigel project (industrial development at Changi Business Park).

The decrease in revenue was mainly due to the completion of the following projects:

- Lavender project (mixed use development at Lavender Street/Kallang Avenue);
- 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
- Northspring Bizhub Project (industrial development at Yishun Industrial Street 1/Yishun Street 23).

Gross profit margin declined marginally from 11.2% in 3QFY2013 to 10.6% in 3QFY2014 due to timing differences in the revenue recognition for projects with varying profit margins.

Other Income

Other income increased by S\$0.2 million mainly due to the increase in rental income, interest income from interest-bearing bank deposits and service income.

Other gains

Other gains of S\$6k in 3QFY2014 were attributed by foreign exchange gains.

Administrative Expenses

Administrative expenses decreased by S\$0.2 million from S\$2.2 million in 3QFY2013 to S\$2.0 million in 3QFY2014 mainly due to the decrease in recruitment and computer equipment expenses.

Finance Expenses

Finance expenses decreased from S\$2k in 3QFY2013 to nil in 3QFY2014.

Other Operating Expenses

The increase in other operating expenses in 3QFY2014 was mainly due to higher travelling expenses which resulted from the Group's expansion of businesses to Myanmar and higher depreciation expenses of computers.

Share of Profit of Joint Ventures

The Group recognised a gain of S\$91k in the share of profit of its joint ventures in 3QFY2014 as compared to a gain of S\$250k in the comparative period mainly due to lower profits recognised by a joint venture arising from the completion of a project.

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Income tax expense

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

YTD 9 months ended 30 September 2014 vs YTD 9 months ended 30 September 2013

For 9MFY2014, the Group achieved a net profit of S\$13.1 million compared to net profit of S\$15.9 million reported in the comparative period.

Revenue & Gross Profit

For the period under review, the Group's revenue declined marginally by 1.5% from S\$220.5 million in 9MFY2013 to S\$217.3 million in 9MFY2014, while the gross profit decreased by 4.2% from S\$22.0 million in 9MFY2013 to S\$21.1 million in 9MFY2014.

The decrease in revenue was contributed mainly from reduction in revenue recognised for the following projects following their completion:

- Lavender project (mixed use development at Lavender Street/Kallang Avenue);
- Northspring Bizhub Project (industrial development at Yishun Industrial Street 1/Yishun Street 23);
- Tampines HDB project (public housing development at Tampines Central 7/Tampines Concourse);
- Angullia Park project (condominium housing development at Angullia Park); and
- Changi Business Park Vista project (research and development building at Changi Business Park).

This was partially offset by higher revenue recognised by the following projects:

- Mandai Connection project (ramp-up industrial development at Mandai Link);
- Bukit Batok BizHub project (industrial development at Bukit Batok Street 23);
- Ang Mo Kio HDB project (public housing development at Ang Mo Kio Avenue 3/Street 51);
- Bukit Batok HDB project (design and build for an upgrading project at Bukit Batok Street 31/Bukit Batok West Avenue 8); and
- Vector Aerospace Project (industrial development at Seletar Aerospace).

Gross profit declined marginally from 10.0% in 9MFY13 to 9.7% in 9MFY14 due to timing differences in revenue recognition for projects with varying profit margins.

Other Income

Other income increased by S\$0.6 million mainly due to the increase in rental income, interest income from interest-bearing bank deposits, service income and receipts from the wage credit scheme.

Other gains

Other gains decreased by S\$18k in 9MFY2014 mainly due to a reduction in gains on disposal of property, plant and equipment and foreign exchange gains of \$16k and S\$2k respectively.

Administrative Expenses

Administrative expenses increased by S\$0.1 million from S\$6.0 million in 9MFY2013 to S\$6.1 million in 9MFY2014 which was mainly due to the increase in staff salaries, directors' remuneration, rental expense and staff training expenses following the expansion of the Group's operations, partially offset by the absence of IPO expenses in 9MFY2014 which amounted to S\$0.9 million in 9MFY2013.

Finance Expenses

Finance expenses reduced from S\$59k in 9MFY2013 to Nil in 9MFY2014 mainly as a result of the full repayment of the Group's borrowings.

Other Operating Expenses

The increase in other operating expenses in 9MFY2014 was mainly due to higher travelling expenses which resulted from the Group's expansion of businesses to other Asian countries including Myanmar as well as the increase in depreciation of computers and motor vehicle expenses.

Share of Profit of Joint Ventures

The Group recognised S\$0.3 million in share of profit of its joint ventures in 9MFY2014 as compared to a gain of S\$2.7 million in the comparative period mainly due to lower profits recognised by joint ventures arising from the completion of projects.

Income tax expense

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

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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 3QFY2014 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial period ended 30 June 2014.

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

Based on the advance estimates released by the Ministry of Trade and Industry Singapore on 14 October 2014, the Singapore economy grew by 2.4% on a year-on-year basis in the third quarter of 2014, the same pace of growth as in the preceding quarter. The construction sector grew by 1.4% on a year-on-year basis, compared to the 4.1% growth recorded in the preceding quarter. The lower rate of growth was due to a slowdown in private sector construction activities.

Subsequent to the results announcement for the previous quarter ended 30 June 2014, the Group had secured a construction project with contract value of S\$47.6 million for the construction of a hospice at Thomson Road. The Group's order book as of the date of this announcement amounted to S\$666 million, which the Group expects to complete substantially in the next 24 months.

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.

Not applicable.

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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
<u>Transactions during 3QFY2014</u>		
<u>Soilbuild Group Holdings Ltd.</u>		
Rental of premises	-	181
<u>PLC 8 Development Pte Ltd</u>		
Recharge of utilities	195	-

14 Use of IPO Proceeds

Pursuant to the IPO on 27 May 2013, 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 utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount Allocated S\$'000	Amount Used As At 30 September 2014 S\$'000	Amount Unused As At 30 September 2014 S\$'000
Investment in productivity improvements	Up to 10,000	7,998	2,002
Expansion of construction business to certain countries in Asia	Up to 5,000	892	4,108
Working capital purposes	24,400	24,400	-
	39,400	33,290	6,110

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 third quarter financial statements for the period ended 30 September 2014 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 October 2014

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.