



## **SYSDMA HOLDINGS LIMITED**

Company Registration No: 201207614H  
(Incorporated in the Republic of Singapore on 28 March 2012)  
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### **MEDIA RELEASE**

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## **New contributions boost 1HFY2014 revenue for Sysma Holdings**

- Revenue grew 31% year-on-year to S\$22.9 million, helped by contributions from 8M Residences and petrochemical business
- Weaker margins on lower project write-back and business establishment expenses
- Group remains cautiously optimistic on construction business due to resilience of Good Class Bungalow (GCB) market

	Half Year Ended 31 January		
	2014	2013	Change
(S\$ '000)	1HFY2014	1HFY2013	(%)
Revenue	22,873	17,455	31.0%
Gross Profit	3,991	5,284	(24.5%)
Gross Profit Margin (%)	17.4%	30.3%	-12.9 ppt
Profit Before Tax	1,671	3,826	(56.3%)
Net Profit	1,266	3,104	(59.2%)

**Singapore, 14 March 2014** – Sysma Holdings Limited (“Sysma Holdings” and together with its subsidiaries, the “Group”), an established construction company with diversified business interests in real estate development as well as the petrochemicals industry, today announced the financial results of the Group for the six months ended 31 January 2014 (“1HFY2014”).

The Group achieved revenue growth of 31.0% year-on-year to S\$22.9 million for 1HFY2014. Strong revenue growth was due mainly to new revenue contributions from its petroleum and chemical distribution business<sup>1</sup> as well as a property development project at Margate Road (8M Residences) amounting to S\$3.3 million and S\$2.1 million, respectively.

Gross profit margin declined to 17.4% in 1HFY2014 compared to 30.3% in 1HFY2013, mainly attributable to lower write-back for construction projects giving rise to higher cost of sales during the period. Write-back for construction projects typically arise from overestimation of costs on the completion of projects. As a result of higher costs, gross profit for 1HFY2014 declined by 24.5% from S\$5.3 million to S\$4.0 million.

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<sup>1</sup> On 10 October 2013, Sysma Holdings announced its 51/49 joint venture with Encore Investment Pte. Ltd. to own and operate a joint venture company, Sysma Energy, which will be engaged in the business of manufacturing and trading of refined petroleum products and the provision of services related to the sector.

Profitability in 1HFY2014 was also impacted by year-on-year increases in other operating and administrative expenses amounting to approximately S\$0.5 million and S\$0.4 million, respectively. Of these aggregated expenses, approximately S\$0.3 million was attributable to higher operating expenses relating to the Group's property development projects, while a further S\$0.6 million related to operating and staff costs for the Group's new petroleum and chemical distribution business.

As a result of the higher cost of sales and establishment costs relating to the Group's new petroleum and chemicals distribution business, its 1HFY2014 net profit declined 59.2% to S\$1.3 million from S\$3.1 million in the previous corresponding period.

Commenting on the Group's 1HFY2014 results, Mr Sin Soon Teng, Executive Chairman and Chief Executive Officer of Sysma Holdings, said, "Over the past six months, my team and I have been working hard on our new initiatives to diversify the Group's earnings base. We are starting to see some of our efforts come to fruition in terms of improvements to our top line. Although profitability has yet to catch up due to early start-up expenses, we are confident of the direction we are taking and expect to see meaningful earnings contributions from these new businesses in due course."

## **BUSINESS OUTLOOK**

The Group has secured three new contracts since the start of the year, all of which are for the construction of GCBs. With the inclusion of these new contracts, the Group's net order book now stands at close to S\$80 million<sup>2</sup>. While property cooling measures are largely expected to stay in place for the foreseeable future, the GCB market, a key focus segment for the Group, has stayed relatively resilient with at least S\$170 million worth of transactions since the start of 2014<sup>3</sup> and the Group remains cautiously optimistic on the prospects of the construction business for the next 12 months.

For its property development business, the Group expects the property market to remain challenging in view of the property cooling measures. The Group's three property developments, the 8M Residences on Margate Road, Charlton 18 along Charlton Lane and Upper Serangoon Road, and 28RC Suites on Race Course Road, have been launched and are expected to be completed by 2017.

"Although the GCB market is relatively shielded from the impact of the cooling measures, we are dedicated to growing our order book while managing costs and margins as tightly as we can. As for the property segment, we will continue to strengthen our marketing efforts to improve the appeal of our developments," added Mr Sin.

The Group is currently working on laying a firm foundation for its newest business area, which involves the distribution of refined petrochemical products, and expects the business to secure a firmer footing once alterations to its new plant have been completed. The Group stays optimistic on the long-term prospects of this business.

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<sup>2</sup> Net order book value of approximately S\$80 million does not include work being carried out for the Group's three property development projects

<sup>3</sup> The Business Times, 20 Feb 2014, "Good Class Bungalow market starting to recover"

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*This press release should be read in conjunction with Sysma Holding's Half Year Financial Statement for the six-month period ended 31 January 2014.*

### **About Sysma Holdings**

With close to 30 years' experience in the business, Sysma Holdings is an established construction company with diversified business interests in real estate development and petrochemicals. In 2013, the company made its foray in the petroleum products business through a joint venture in a bid to diversify its earnings base. Over the years, Sysma Holdings has built up a strong and diverse track record in high-end landed homes and other residential, commercial, conservation and industrial property. The company has been listed on the SGX Catalist since 3 August 2012. For more information on Sysma Holdings, please visit <http://sysma.com.sg>

**This release is issued on behalf of Sysma Holdings Limited by Kreab Gavin Anderson. For analyst and media queries, please contact:**

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The Announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of the Announcement.

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