

# **Swee Hong Limited**

**Full Year Unaudited Financial**

**Statement and Dividend**

**Announcement for the year ended**

**30 June 2015**

## PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) Group income statement, together with comparative statement for the preceding financial year

## PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) Group income statement, together with comparative statement for the corresponding period of the immediately preceding financial year

	2015 \$'000	2014 \$'000	Increase/ (decrease)
<b>Continuing operations</b>			
Revenue	25,280	31,369	(19%)
Cost of works	(27,618)	(37,367)	(26%)
Gross loss	<u>(2,338)</u>	<u>(5,998)</u>	(61%)
Other gains – net	361	210	72%
Expenses			
- Distribution and marketing	(39)	(448)	(91%)
- Administrative	(16,691)	(13,603)	23%
- Finance	(73)	(169)	(57%)
	<u>(18,780)</u>	<u>(20,009)</u>	(6%)
Share of loss of associated company	(133)	(67)	99%
Loss before income tax	<u>(18,913)</u>	<u>(20,075)</u>	(6%)
Income tax credit	17	94	(82%)
<b>Net loss from continuing operations</b>	<b>(18,896)</b>	<b>(19,982)</b>	<b>(5%)</b>
<b>Discontinuing operations</b>			
Loss from discontinuing operations	<u>(32,035)</u>	-	n.m.
	<b><u>(50,931)</u></b>	<b><u>(19,982)</u></b>	<b>155%</b>

(i) **Consolidated Statement of comprehensive income for the Financial Year ended 30 June 2015**

	2015 \$'000	2014 \$'000	Increase/ (decrease)
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains	25	15	60%
- Reclassification	(53)	-	n.m.
Currency translation differences arising from consolidation			
- Losses	(2)	*	n.m.
Other comprehensive income, net of tax	<u>(30)</u>	<u>15</u>	(294%)
<b>Total comprehensive loss</b>	<b><u>(50,961)</u></b>	<b><u>(19,966)</u></b>	<b>155%</b>

\* Amount below S\$1,000  
n.m. denotes not meaningful

(ii) **Notes to the income statement**

**Breakdown of Other Gains - net**

	<b>2015</b>	<b>2014</b>	<b>Increase/ (decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Currency translation gains/(losses) - net	8	(11)	n.m.
Dividend income	5	8	(38%)
Gain on disposal of property, plant and equipment	30	10	213%
Income from sales of scrap materials	6	-	n.m.
Bank interest income	*	48	n.m.
Government grant	191	140	37%
Rental of machinery	9	-	n.m.
Gain on disposal of associated company	*	-	n.m.
Other income	112	16	612%
	<b>361</b>	<b>210</b>	

\* Amount below S\$1,000

(iii) **Included under Administrative expenses:**

	<b>2015</b>	<b>2014</b>	<b>Increase/ (decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Depreciation of property, plant and equipment	2,253	2,345	(4%)
Impairment of construction contract amount due from customer	(176)	3,548	(105%)
Impairment on property, plant and equipment	8,339	-	n.m.

(iv) **Loss from discontinuing operations**

The income and expenditure of dormitory business segment has been reclassified as discontinuing operations due to the disposal of the dormitory located at 300 Admiralty Road West on 16 July 2015.

	<b>2015</b>	<b>2014</b>	<b>Increase/ (decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Revenue	4,876	-	n.m.
Cost of Works	(10,328)	-	n.m.
Gross loss	<b>(5,452)</b>	-	n.m.
Amortisation of deferred rental expenses	(3,590)	-	n.m.
Fair value loss of investment property	(22,993)	-	n.m.
	<b>(32,035)</b>	-	n.m.

n.m. denotes not meaningful

**1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,165	736	3,126	697
Trade and other receivables	11,548	21,411	11,555	21,417
Construction contract work-in-progress	169	380	169	380
	14,882	22,526	14,850	22,494
Assets classified as held-for-sale	32,749	-	32,749	-
	<b>47,631</b>	<b>22,526</b>	<b>47,599</b>	<b>22,494</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	288	366	288	366
Investment in subsidiaries	-	-	602	602
Investment in associated company	-	133	-	200
Property, plant and equipment	11,941	21,034	11,941	21,034
Investment property under-construction	-	19,037	-	19,037
	<b>12,229</b>	<b>40,571</b>	<b>12,831</b>	<b>41,240</b>
<b>Total assets</b>	<b>59,860</b>	<b>63,097</b>	<b>60,430</b>	<b>63,733</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	35,162	30,542	35,923	31,314
Borrowings	12,490	7,398	12,490	7,398
	47,652	37,941	48,413	38,713
Liabilities directly associated with assets classified as held-for-sale	46,549	-	46,549	-
	<b>94,201</b>	<b>37,941</b>	<b>94,962</b>	<b>38,713</b>
<b>Non-current liabilities</b>				
Borrowings	-	8,537	-	8,537
<b>Total liabilities</b>	<b>94,201</b>	<b>46,478</b>	<b>94,962</b>	<b>47,250</b>
<b>Net Current Liabilities</b>	<b>(46,570)</b>	<b>(15,415)</b>	<b>(47,363)</b>	<b>(16,219)</b>
<b>NET (LIABILITIES)/ ASSETS</b>	<b>(34,341)</b>	<b>16,619</b>	<b>(34,532)</b>	<b>16,484</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	28,580	28,580	28,580	28,580
Other reserves	132	162	134	162
Accumulated losses	(63,053)	(12,122)	(63,246)	(12,258)
<b>TOTAL EQUITY</b>	<b>(34,341)</b>	<b>16,619</b>	<b>(34,532)</b>	<b>16,484</b>

## Notes to Statement of Financial Position

### (i) Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,335	2,270	1,335	2,270
Construction contracts:				
- Due from customers	9,875	15,530	9,875	15,530
Non-trade receivables				
- Subsidiary	-	-	7	7
- Non-related parties	5	654	5	654
	5	654	12	661
Deposits	316	207	316	207
Prepayments	17	2,750	17	2,750
	<b>11,548</b>	<b>21,411</b>	<b>11,555</b>	<b>21,417</b>

The non-trade amount due from subsidiary is unsecured, interest-free and is receivable on demand.

### (ii) Assets classified as held-for-sale

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Investment property	29,064	-	29,064	-
Property, plant and equipment	349	-	349	-
Non-trade receivables	3,297	-	3,297	-
Deposits	39	-	39	-
	<b>32,749</b>	<b>-</b>	<b>32,749</b>	<b>-</b>

### (iii) Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables - non-related parties	12,587	21,376	12,587	21,376
Construction contracts:				
- Due to customers	6,032	4,738	6,032	4,738
Other payables				
- Subsidiaries	-	-	774	776
- Non-related parties	9,837	472	9,837	472
	9,837	472	10,611	1,248
Accrued operating expenses	6,706	3,957	6,693	3,953
	<b>35,162</b>	<b>30,542</b>	<b>35,923</b>	<b>31,314</b>

The non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

**(iv) Liabilities directly associated with assets classified as held-for-sale**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables - non-related parties	4,265	-	4,265	-
Other payables - non-related parties	10,881	-	10,881	-
Borrowings	29,370	-	29,370	-
Customer deposits	2,033	-	2,033	-
	<b>46,549</b>	<b>-</b>	<b>46,549</b>	<b>-</b>

**Explanatory Notes:**

Trade and other receivables as at 30 June 2015 amounting to S\$11.5 million decreased by approximately S\$9.9 million as compared to S\$21.4 million as at 30 June 2014. Lower Trade receivables from construction contracts of S\$5.6 million was mainly to be to lower amounts in certification of work performed in the year. Lower prepayments of approximately S\$2.7 million was due to reduction in advance payments to the Group's key suppliers.

Assets classified as held-for-sale relate the property located at 190A/190C Choa Chu Kang Avenue 1 which is expected to be sold in the near future and the dormitory business segment which is discontinued following the disposal of the foreign workers dormitory located at 300 Admiralty Road West on 16 July 2015. The assets classified held-for-sale includes investment property, rental receivables and deposits. The value of investment property increased by S\$10.0 million from S\$19.0 million as of 30 June 2014 to S\$29.1 million as of 30 June 2015 mainly due to additional construction costs and deferred rental expenses amounting to S\$36.6 million which was offset by allowance for impairment of S\$23.0 million and amortisation of deferred expenses of S\$3.6 million.

Available-for-sale financial assets as of 30 June 2015 amounting to S\$0.3 million decreased by S\$0.1 million as compared to S\$0.4 million as of 30 June 2014 due to disposal of shares held by the Group.

Investment in associated company as of 30 June 2015 was nil compared with S\$0.1 million as of 30 June 2014 due to the disposal of shares in United Singapore Builders Pte Ltd during the year.

Property, plant and equipment decreased by approximately S\$9.1 million from S\$21.0 million as of 30 June 2014 to S\$11.9 million as of 30 June 2015 mainly due impairment expenses of S\$8.4 million relating to leasehold land and property under construction and reclassification of S\$0.4 million from property, plant and equipment to assets held-for-sale.

Trade and other payables increased by approximately S\$4.7 million from S\$30.5 million as of 30 June 2014 to S\$35.2 million as of 30 June 2015 due to higher creditor turnover days as the company experienced financial constraints that resulted in delays in payments to trade and non-trade creditors. Accrued operating expenses also increased by S\$2.7 million mainly due to provisions for professional services.

Liabilities directly associated with assets classified as held-for-sale relates comprises of trade and non-trade payables, borrowings and tenants deposits relating to discontinuing dormitory business segment.

As of 30 June 2015, the Group had a net current liabilities of S\$46.6 million.

**1(b)(ii) Aggregate amount of the Group's borrowings and debts securities**

**(a) Amount repayable in one year or less, or on demand**

	The Group		The Group	
	30 June 2015	30 June 2015	30 June 2014	30 June 2014
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	-	2,560	1,160	3,132
Finance lease liabilities	477	-	1,578	-
Bank borrowing	28,949	-	677	-
Bank overdraft	-	-	-	850
Loan from directors	-	9,874	-	-
<b>Total</b>	<b>29,426</b>	<b>12,434</b>	<b>3,415</b>	<b>3,982</b>
<i>Represented by:</i>				
Classified under liabilities directly associated with assets classified as held for sale	28,949	421	-	-
Continuing operations	477	12,013	-	-
	<b>29,426</b>	<b>12,434</b>	-	-

**(b) Amount repayable after one year**

	The Group		The Group	
	30 June 2015	30 June 2015	30 June 2014	30 June 2014
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	390	-
Bank borrowing	-	-	-	7,238
Loan from directors	-	-	-	909

The Group's bank borrowings as of 30 June 2015 was S\$32.0 million of which S\$29.4 million is secured and S\$2.6 million unsecured.

Interest-free loans from a Director amounting to S\$9.9 million is included in the Group's borrowings

**1(c) Group cash flow statement, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated statements of cash flows for the Financial Year ended 30 June

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
- loss from continuing operations	(18,896)	(19,982)
- loss from discontinuing operations	(32,035)	-
Net loss	<u>(50,931)</u>	<u>(19,982)</u>
Adjustments for:		
- Income tax credit	(17)	(93)
- Depreciation and impairment of property, plant and equipment	10,592	2,561
- Amortisation for deferred expenses	3,590	-
- Fair value loss of investment property	22,993	-
- Gain on disposal of property, plant and equipment	(30)	(10)
- Gain on disposal of associated company	*	-
- Net gain on disposal of available-for-sale financial assets	(49)	-
- Interest income	*	(48)
- Interest expense	73	169
- Dividend income	(5)	(8)
- Unrealised currency translation gains-net	(2)	-
- Share of loss of associated company	133	67
	<u>(13,653)</u>	<u>(17,344)</u>
<b>Change in working capital:</b>		
- Construction contract work-in-progress	211	(141)
- Trade and other receivables	6,527	6,950
- Trade and other payables	21,799	14,904
Cash flows generated from operations	<u>14,884</u>	<u>4,369</u>
Interest received	*	48
Interest paid	(1)	(107)
Income tax refund	17	418
<b>Net cash provided by operating activities</b>	<u>14,900</u>	<u>4,728</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(1,848)	(6,707)
Additions to investment property	(36,610)	(19,037)
Disposal of associated company	*	(200)
Disposal of property, plant and equipment	30	57
Dividends received	5	8
Purchase of available-for-sale financial assets	(4)	-
Proceeds from disposal of available for sale investments	105	-
<b>Net cash used in investing activities</b>	<u>(38,322)</u>	<u>(25,879)</u>
<b>Cash flows from financing activities</b>		
Bank deposits released	304	-
Repayment of finance lease liabilities	(1,480)	(2,138)
Proceeds from borrowings	32,228	21,226
Repayment of borrowings	(3,961)	(12,004)
Interest paid	(85)	(63)
<b>Net cash provided by financing activities</b>	<u>27,006</u>	<u>7,021</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>3,584</u>	<u>(14,130)</u>
<b>Cash and cash equivalents</b>		
Beginning of financial year	(419)	13,711
<b>End of financial year</b>	<u><b>3,165</b></u>	<u><b>(419)</b></u>

\* Amount below S\$1,000

## **Explanatory Notes:**

- (i) For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	3,165	430
Short-term bank deposits	-	305
	<b>3,165</b>	<b>736</b>

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances (as above)	3,165	736
Less: Bank deposit pledged	-	(304)
Less: Bank overdraft	-	(851)
Cash and cash equivalents per consolidated statement of cash flows	<b>3,165</b>	<b>(419)</b>

## **(ii) Review of Cash Flows for the Financial Year ended 30 June 2015.**

### **Net cash provided by operating activities**

Cash provided by operating activities during the year amounted to S\$14.9 million. The reasons for the changes in working capital are explained in the Explanatory Notes to the Statement of Financial Position on page 6.

### **Net cash used in investing activities**

Net cash of approximately S\$38.3 million used in investing activities mainly due to the additions of investment property under construction of approximately S\$36.6 million and additions to plant and machinery of approximately S\$1.8 million offset by proceeds from sale of property plant and equipment and sale of shares held under available-for-sale financial assets amounting to S\$0.1 million.

### **Net cash provided by financing activities**

Net cash of approximately S\$27.0 million provided by financing activities was mainly from increased bank borrowings of approximately S\$23.2 million to fund the construction of investment property and S\$9.0 million loan from director for working capital purposes. These were partially offset by repayments of approximately S\$5.5 million.

Overall, cash and cash equivalents stood at approximately S\$3.2 million as of 30 June 2015.

**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**

	Share Capital \$'000	(Accumulated losses)/ Retained Profits \$'000	Other Reserves \$'000	Total Equity \$'000
<b>Group</b>				
<b>2015</b>				
As at 1 July 2014	28,580	(12,122)	162	16,619
Total comprehensive loss for the year	-	(50,931)	(30)	(50,961)
<b>As at 30 June 2015</b>	<b>28,580</b>	<b>(63,053)</b>	<b>132</b>	<b>(34,341)</b>
<b>2014</b>				
As at 1 July 2013	28,580	7,859	147	36,586
Total comprehensive (loss)/income for the year	-	(19,982)	15	(19,967)
<b>As at 30 June 2014</b>	<b>28,580</b>	<b>(12,122)</b>	<b>162</b>	<b>16,619</b>
	Share Capital \$'000	(Accumulated losses)/ Retained Profits \$'000	Other Reserves \$'000	Total Equity \$'000
<b>Company</b>				
<b>2015</b>				
As at 1 July 2014	28,580	(12,258)	162	16,484
Total comprehensive loss for the year	-	(50,988)	(28)	(51,016)
<b>As at 30 June 2015</b>	<b>28,580</b>	<b>(63,246)</b>	<b>134</b>	<b>(34,532)</b>
<b>2014</b>				
As at 1 July 2013	28,580	7,650	147	36,377
Total comprehensive (loss)/income for the year	-	(19,909)	15	(19,893)
<b>As at 30 June 2014</b>	<b>28,580</b>	<b>(12,258)</b>	<b>162</b>	<b>16,484</b>

**Other reserves**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(a) Composition:				
Fair value reserve	134	162	134	162
Currency translation reserve	(2)	*	-	-
	<b>132</b>	<b>162</b>	<b>134</b>	<b>162</b>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	162	147	162	147
Fair value (loss)/ gain	(28)	15	(28)	15
<b>End of financial year</b>	<b>134</b>	<b>162</b>	<b>134</b>	<b>162</b>
(ii) Currency translation reserve				
Beginning of financial year	*	*	-	-
Net currency translation differences of financial statements of foreign subsidiaries	(2)	*	-	-
<b>End of financial year</b>	<b>(2)</b>	<b>*</b>	<b>-</b>	<b>-</b>

\* Amount below S\$1,000

**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**

There were no changes to the Company's share capital since the end of the previous period reported on. There were no treasury shares held. There were no convertibles which may result in the issue of new shares.

**1(d)(iii) 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**

	<b>30 June 2015</b>	<b>30 June 2014</b>
Total number of issued shares	368,500,000	368,500,000

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

Not applicable.

**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 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**

The Group has applied the new and revised Financial Reporting Standards ("FRS") and interpretation of FRSs ("INT FRS") that are relevant to its operation and effective for the year beginning on or after 01 July 2014. The adoption of these new and revised FRS and INT FRS does not give rise to any significant changes to the financial statements reported for the current or prior financial years.

**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**

Not Applicable.

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

	30 June 2015	30 June 2014
Net loss attributable to equity holders of the Company (S\$'000)	(50,931)	(19,982)
Weighted average number of ordinary shares in issue ('000)	368,500	368,500
<b>Basic and diluted loss per share (cents)</b>	<b>(13.82)</b>	<b>(5.42)</b>

**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 period reported on and  
(b) immediately preceding financial year**

	The Group		The Company	
	As at 30 June 2015	As at 30 June 2014	As at 30 June 2015	As at 30 June 2014
Net (Liabilities)/ Assets (S\$'000)	(34,341)	16,619	(34,532)	16,484
Number of shares (' 000)	368,500	368,500	368,500	368,500
Net (liabilities)/ asset value per ordinary share (cents)	(9.32)	4.51	(9.37)	4.47

**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, costs, 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**

## **BUSINESS OVERVIEW**

The Group is principally engaged in civil engineering works and mirco-tunnelling works in Singapore and acts primarily as the main contractor. Since second quarter of FY2015, the Group started to recognize rental income from the dormitory project that is partially completed which has since been disposed in July 2015.

### **Income Statement Review (Financial Year ended 30 June 2015 vs. Financial Year ended 30 June 2014)**

#### **Revenue**

	Group					
	2015		2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	17,933	71%	19,938	64%	(2,006)	(10%)
Tunneling	7,347	29%	11,431	36%	(4,083)	(36%)
	<b>25,280</b>	<b>100%</b>	<b>31,369</b>	<b>100%</b>	<b>(6,089)</b>	

Revenue from Civil Engineering segment decreased by S\$2.0 million from S\$19.9 million in FY2014 to S\$17.9 million in FY2015 mainly due to slow progress of the on-going projects due to Company's financial situation.

Revenue from Tunnelling segment decreased by S\$4.1 million from S\$11.4 million in FY2014 to S\$7.3 million in FY2015 mainly due to slow progress of the on-going projects due to the Company's financial situation.

#### **Gross loss**

	Group					
	2015		2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	(2,414)	103%	(1,363)	23%	(1,051)	(77%)
Tunnelling	76	(3%)	(4,635)	77%	4,711	(102%)
	<b>(2,338)</b>	<b>100%</b>	<b>(5,998)</b>	<b>100%</b>	<b>3,660</b>	

The Group's gross loss decreased by S\$3.7 million from S\$6.0 million incurred in FY2014 to S\$2.3 million in FY2015 mainly due to the decrease in provision for cost over-run provided in the current financial year as compared to the previous financial year for the tunnelling segment.

Gross loss from Civil Engineering segment increased by S\$1.0 million from approximately S\$1.4 million in FY2014 to S\$2.4 million in FY2015 mainly due to the slowdown in progress of projects during the year which resulted in cost over-runs.

Gross loss from Tunnelling segment decreased by S\$4.7 million from S\$4.6 million in FY2014 to a gross profit of S\$0.1 million in FY2015 mainly due to the decrease in provision for cost over-run provided in the current financial year as compared to the previous financial year.

## **Income Statement Review (Financial Year ended 30 June 2015 vs. Financial Year ended 30 June 2014) (Continued)**

### **Distribution and marketing**

Distribution and marketing expenses for FY2015 decreased by S\$0.4 million from S\$0.5 million in FY2014 to S\$0.1 million in FY2015 mainly due to reduced marketing and advertisement expenses incurred during the year.

### **Administrative expenses**

Administrative expenses for FY2015 increased by S\$3.1 million from S\$13.6 million in FY2014 to S\$16.7 million in FY2015. The increase was mainly due to impairment of property, plant and equipment of S\$8.3 million partially offset by reduction arising reduction in manpower costs and other operational efficiencies.

### **Finance Expenses**

Financing expenses relates to interest expenses relating to borrowing costs for working capital and interest expenses relating to finance lease liabilities.

### **Loss before income tax**

The Group incurred a loss before income tax of approximately S\$18.9 million in FY2015, an decrease of S\$1.1 million as compared to a loss before income tax of approximately S\$20.0 million in FY2014.

### **Loss from Discontinuing Operations**

The income and expenditure of dormitory business segment has been reclassified as discontinuing operations due to the disposal of the dormitory located at 300 Admiralty Road West on 16 July 2015. The loss from discontinuing operations was mainly due to impairment expenses of S\$23.0 million and amortisation of rental expenses of S\$3.6 million.

### **Total loss after tax**

The Group incurred a net loss after tax of approximately S\$50.9 million due to the reasons stated above.

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

No forecast or prospect statement was previously disclosed to shareholders.

**10 A commentary at the date of the announcement of the 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**

On 26 February 2015, the Company announced that it had, on 25 February 2015, successfully obtained an order from the Court under section 210(10) of the Companies Act (Cap. 50) that restrains, for a period of 6 months, further proceedings in any action or proceeding against the Company ("Order"). The Company had made announcements to inform further extensions of the Order obtained from the Court on 20 July 2015 and 7 September 2015. On 22 September 2015, the Company announced that it had, on 21 September 2015 obtained extension of the Order pending the approval by the Court of the proposed Scheme of Arrangements with certain of its Creditors ("Scheme").

The Company believes that with the Order in place, notwithstanding certain cash flow difficulties at this time, there remains a reasonable prospect of rehabilitating the Company and obtaining greater value from its business and assets.

Foreign Workers Dormitory

As part of the Company's debt restructuring exercise, the Company has sold the foreign workers' dormitory known as "North Coast Lodge" at 300 Admiralty Road West, Singapore 757027 to Crest Industrial Holdings II Pte Ltd for a consideration of S\$30 million. The disposal was completed on 16 July 2015.

190A/190C Chua Chu Kang Avenue 1

The Company is also marketing its property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 for sale to generate funds for the Scheme.

Private Lot A0020500 at Plot KR0309 Kranji Link Singapore

On 6 October 2015, the Company was notified by the solicitors acting for United Overseas Bank Limited ("UOB") that an option to purchase the lease granted on 11 November 2011 by Jurong Town Corporation to the Company over all the piece of land known as Lot 3570L of Mukim 11 and marked as Private Lot A0020500 at Plot KR0309 Kranji Link Singapore (the "Lease") (the "Option"), granted by UOB to an entity (the "Buyer") on 30 September 2015, had been exercised by the Buyer

The Company had on 13 January 2014 executed a Deed of Assignment and Mortgage-in-escrow ("Deed") between the Company and UOB over the Lease pursuant to a loan facility obtained by the Company from UOB on 3 September 2013. On 30 June 2015, UOB gave 14 days' notice to the Company of its intention to exercise its power of sale under the Deed, and on 1 October 2015, UOB notified the Company that UOB had granted the Option to the Buyer.

On 20 October 2015, the Company announced that at the Creditors Meeting held on 19 October 2015, the requisite majority of creditors resolved to adjourn the Court Meeting to 6 November 2015, in accordance with section 210(2) of the Act. On 6 November 2015, the creditors will vote in respect of the Scheme of Arrangement proposed by the Company.

The unfulfilled order book of the Company is approximately S\$137 million as of 30 June 2015. The Company is currently working with clients, sub-contractors and suppliers towards the fulfilling of the order book.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend had been declared for FY2015.

**13 Interested person transactions disclosure**

The Group has not obtained a general mandate for Interested Persons Transactions under Rule 920 from shareholders. There were no IPTs during the period under review.

## PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

### 14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

#### Business Segments

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. The Group's activities comprise the following reportable segments:

- (i) Civil Engineering – The business division of our Group that carries out civil engineering works which include road construction works, road maintenance works, sewerage rehabilitation (excluding tunnelling works), drains (excluding tunnelling works), soil improvement works and other infrastructure works.
- (ii) Tunnelling – The business division of our Group that carries out microtunnelling works
- (iii) Dormitory – The business division of our Group which carries out rental of accommodation to employers of foreign workers. This business segment has ceased with effect from 16 July 2015 following the disposal of the dormitory.

Currently, the business segments operate only in Singapore.

	Civil		Common and all		Total
	Engineering	Tunnelling	Dormitory	other segments	
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Sales</b>	17,933	7,347	-	-	25,280
<b>Gross (loss)/ profit</b>	<u>(2,414)</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>(2,338)</u>
Other income	-	-	-	361	361
Distribution and marketing expenses	-	-	-	(39)	(39)
Administrative expenses	(222)	46	-	(16,515)	(16,691)
Finance expenses	-	-	-	(73)	(73)
Loss from operation	<u>(2,636)</u>	<u>122</u>	<u>-</u>	<u>(16,266)</u>	<u>(18,780)</u>
Share of loss of associated company	-	-	-	(133)	(133)
Loss before income tax	<u>(2,636)</u>	<u>122</u>	<u>-</u>	<u>(16,399)</u>	<u>(18,913)</u>
Income tax credit	-	-	-	17	17
<b>Net loss before discontinuing operations</b>	<u>(2,636)</u>	<u>122</u>	<u>-</u>	<u>(16,382)</u>	<u>(18,896)</u>
Loss from discontinuing operations			<u>(32,035)</u>		
Net loss includes:					
- Depreciation of property, plant and equipment	-	-	-	2,253	2,253
- Amortisation of Deferred rental expenses	-	-	3,590	-	3,590
- Impairment of Investment property under construction	-	-	22,993	-	22,993
- Impairment of property, plant and equipment	-	1	-	8,338	8,339
- Allowance for impairment of construction contracts amount due from customers	(222)	46	-	-	(176)
<b>Segment assets</b>	<u>5,211</u>	<u>11,546</u>	<u>32,400</u>	<u>10,703</u>	<u>59,860</u>
Total assets includes:					
- Additions to property, plant and equipment	-	-	-	1,848	1,848
- Additions to investment property net of fair value loss and amortisation	-	-	10,027	-	10,027
<b>Segment liabilities</b>	<u>14,556</u>	<u>7,581</u>	<u>46,549</u>	<u>25,516</u>	<u>94,201</u>

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)**

	Civil		Common and all		Total \$'000
	Engineering \$'000	Tunnelling \$'000	Dormitory \$'000	other segments \$'000	
<b>30 June 2014</b>					
<b>Sales</b>	19,938	11,431	-	-	31,369
<b>Gross loss</b>	<u>(1,363)</u>	<u>(4,635)</u>	<u>-</u>	<u>-</u>	<u>(5,998)</u>
Other income	-	-	-	210	210
Distribution and marketing expenses	-	-	-	(448)	(448)
Administrative expenses	(2,613)	(935)	-	(10,056)	(13,603)
Finance expenses	-	-	-	(169)	(169)
Loss from operation	<u>(3,976)</u>	<u>(5,570)</u>	<u>-</u>	<u>(10,463)</u>	<u>(20,009)</u>
Share of loss of associated company	-	-	-	(67)	(67)
Loss before income tax	<u>(3,976)</u>	<u>(5,570)</u>	<u>-</u>	<u>(10,530)</u>	<u>(20,075)</u>
Income tax credit	-	-	-	94	94
<b>Net loss</b>	<u>(3,976)</u>	<u>(5,570)</u>	<u>-</u>	<u>(10,436)</u>	<u>(19,982)</u>
Net loss includes:					
- Depreciation of property, plant and equipment	-	-	-	2,345	2,345
- Impairment of property, plant and equipment	-	216	-	-	216
- Allowance for impairment of construction contracts amount due from customers	2,613	935	-	-	3,548
- Allowance for impairment of trade receivables	44	115	-	-	159
<b>Segment assets</b>	<u>10,359</u>	<u>13,245</u>	<u>20,494</u>	<u>18,999</u>	<u>63,097</u>
Total assets includes:					
- Additions to property, plant and equipment	-	-	-	7,350	7,350
- Investment property under construction	-	-	-	19,037	19,037
<b>Segment liabilities</b>	<u>(16,931)</u>	<u>(6,466)</u>	<u>(14,126)</u>	<u>(8,954)</u>	<u>(46,478)</u>

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

As explained in Paragraph 8 above.

There are no factors leading to material changes in contributions to turnover by business segment. Civil engineering continues to be our main business segment with micro tunnelling as our secondary segment. As the Group operates only in Singapore, there are no geographical factors involved.

**16 A breakdown of sales**

	30 June 2015 S\$'000	30 June 2014 S\$'000	Increase / (decrease) S\$'000
a) Sales reported for first half year	16,984	17,512	(528)
b) Operating loss after taxation reported for first half of the year	(1,920)	(9,698)	7,778
c) Sales reported for second half year	8,296	13,857	(5,561)
d) Operating loss after taxation reported for second half of the year	(16,975)	(10,284)	(6,692)

**17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

No dividend had been declared for FY2015 and FY2014.

**18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Ong Keng Guan	53	Son of Ong Hur Seng, a significant shareholder of the Company	Maintenance Manager since 1997	No Change
Ong Eng Hwoon	39	Son of Ong Hoi Lian, a significant shareholder of the Company	Project manager since 2008	No Change
Ong Kah Soon	40	Brother of Ong Kah Lam, a significant shareholder of the Company	Project manager since 1997	No Change
Ong Hock Shing, Stephen	41	Brother of Ong Hock Leong, Managing director of the Company	Marketing Manager since November 2014	No Change

**19 Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of Swee Hong Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the year ended 30 June 2015 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD  
BY ORDER OF THE BOARD

Ong Hock Leong  
Group Managing Director

30 October 2015