

Swee Hong Limited

Full Year Unaudited Financial Statement

for the year ended

30th June 2018

(Company Registration No.: 198001852R)
(Incorporated in the Republic of Singapore)

PART 1 – INFORMATION REQUIRED FOR THE ANNOUNCEMENT OF FULL YEAR RESULTS

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

	Unaudited FY2018 S\$'000	Group Audited FY2017 S\$'000	Increase / (Decrease)
Revenue	49,108	58,522	(16%)
Cost of works	(45,052)	(51,010)	(12%)
Gross profit	4,056	7,512	(46%)
Other gains – net	730	24,935	(97%)
Expenses			
-Distribution and marketing	(14)	(5)	180%
-Administrative	(2,275)	(2,611)	(13%)
-Finance	(1,264)	(43)	n.m.
Profit before income tax	1,233	29,788	(96%)
Income tax expense	-	-	n.m.
Net profit from continuing operations	1,233	29,788	(96%)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains	4	1	n.m.
Currency translation differences arising from consolidation			
- Gains/(losses)	19	(4)	n.m.
Other comprehensive income, net of tax	23	(3)	n.m.
Total comprehensive income	1,256	29,785	(96%)
Profit attributable to:			
Equity holders of the Company	1,233	29,788	(96%)
Total comprehensive income attributable to:			
Equity holders of the Company	1,256	29,785	(96%)

1(a)(ii) The net profit attributable to shareholders of the Company includes the following charges/(credits):

	Unaudited FY2018 S\$'000	Group Audited FY2017 S\$'000	Increase / (Decrease)
Currency translation (gains)/ losses - net	(19)	4	n.m.
Dividend income	*	(5)	n.m.
(Gain)/loss on disposal of property, plant and equipment	(38)	337	(111%)
Gain on disposal of assets classified as held-for-sale	-	2,734	n.m.
Bank interest income	*	*	n.m.
Government grant	(45)	(91)	(51%)
Write-off of pursuant to Creditors Scheme of Arrangement	-	(22,391)	(100%)
Income from sales of scrap materials	(678)	-	n.m.
Miscellaneous expenses/(income)	10	(49)	(120%)
Interest expenses	1,264	43	n.m.
Deprecation of property, plant and equipment	1,749	1,969	(11%)
Foreign exchange losses/(gains), net	241	(2)	n.m.

* Amount below S\$1,000.

n.m. denotes not meaningful.

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

	Group		Company	
	Unaudited As at 30 June 2018 S\$'000	Audited As at 30 June 2017 S\$'000	Unaudited As at 30 June 2018 S\$'000	Audited As at 30 June 2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	2,329	852	2,322	818
Trade and other receivables	38,802	27,480	38,819	27,504
Construction contract work-in-progress	957	477	957	477
	42,088	28,809	42,098	28,799
Assets classified as held-for-sale	-	44	-	44
	42,088	28,853	42,098	28,843
Non-current assets				
Available-for-sale financial assets	15	12	15	12
Investments in subsidiary corporations	-	-	2	2
Property, plant and equipment	5,433	6,620	5,433	6,620
	5,448	6,632	5,450	6,634
Total assets	47,536	35,485	47,548	35,477
LIABILITIES				
Current liabilities				
Trade and other payables	13,470	20,119	14,253	20,863
Finance lease payables	279	-	279	-
Borrowings	15,306	6,425	15,306	6,425
Deferred income	142	-	142	-
	29,197	26,544	29,980	27,288
Non-current liabilities				
Borrowings	6,893	-	6,893	-
Finance lease payables	858	-	858	-
Deferred income	391	-	391	-
	8,142	-	8,142	-
Total liabilities	37,339	26,544	38,122	27,288
NET ASSETS	10,197	8,941	9,426	8,189
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	52,778	52,778	52,778	52,778
Other reserves	6	(17)	6	2
Accumulated losses	(42,587)	(43,820)	(43,358)	(44,591)
TOTAL EQUITY	10,197	8,941	9,426	8,189

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Notes to Statement of Financial Position

(i) Trade and other receivables

	Group		Company	
	30 June 2018 S\$'000	30 June 2017 S\$'000	30 June 2018 S\$'000	30 June 2017 S\$'000
Trade receivables – net	1,038	608	1,038	608
Construction contracts:				
- Due from customers	36,889	24,822	36,889	24,822
Non-trade receivables				
- Subsidiary corporations	-	-	17	24
- Third parties	555	289	555	289
Advances to suppliers	-	1,384	-	1,384
Deposits	228	349	228	349
Prepayments	92	28	92	28
	38,802	27,480	38,819	27,504

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

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

	Group			
	Unaudited As at 30 June 2018		Audited As at 30 June 2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable in one year or less, or on demand				
Borrowings	1,706	13,600	-	6,425
Finance lease payables	279	-	-	-
(b) Amounts repayable after one year				
Finance lease payables	858	-	-	-
Convertible bonds	-	6,893	-	-

On 19 February 2018, the Company issued convertible bonds denominated in Singapore Dollars with a principal amount of S\$7.0 million. The convertible bonds are secured by a guarantee provided by immediate holding company and by a director. The convertible bonds are due for repayment three years from the date of issue at their principal amount of S\$7.0 million, or at the bondholder's option, be converted into shares of the Company at the rate of S\$0.015 per share. Please refer to the Company's announcements dated 31 August 2017, 7 September 2017, 7 February 2018 and 18 February 2018 as well as the Company's circular dated 23 January 2018 for more information on the convertible bonds.

The S\$1.1 million finance lease payables is secured by a guarantee provided by immediate holding company. As at 30 June 2018, the company has plant and machinery with net book value of S\$1.3 million under a finance lease contract.

The loan from immediate holding company amounting to S\$3.4 million is unsecured, interest-free and repayable on demand.

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Notes to Statement of Financial Position

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

	Group	
	Unaudited	Audited
	30 June 2018	30 June 2017
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	1,233	29,788
Adjustments for:		
Depreciation of property, plant and equipment	1,749	1,969
Impairment of property, plant and equipment	-	328
Amortisation of deferred income	(36)	-
(Gain)/loss on disposal of property, plant and equipment	(2)	337
Loss/(gain) on disposal of assets classified as held-for-sale	44	(2,734)
Dividend income	*	(5)
Interest income	(16)	*
Interest expense	1,264	43
Scheme creditors write-off	-	(22,391)
Unrealised currency translation	257	(4)
Operating cash flows before working capital changes	4,493	7,331
Changes in working capital:		
Construction contract work-in-progress	(480)	(6)
Trade and other receivables	(11,322)	(13,041)
Trade and other payables	(6,706)	(3,825)
Cash flows used in operations	(14,015)	(9,541)
Interest received	16	*
Net cash used in operating activities	(13,999)	(9,541)
Cash flows from investing activities		
Additions to property, plant and equipment	(14)	(895)
Proceeds from disposal of property, plant and equipment	24	38
Proceeds from disposal of assets classified as held-for-sale	-	3,100
Dividends received	*	5
Net cash provided by investing activities	10	2,248
Cash flows from financing activities		
Bank balances released	-	4,053
Proceeds from borrowings	15,032	4,625
Proceeds from issuance of convertible bonds - net	6,738	-
Proceed from finance lease under sale and lease back - net	1,210	-
Repayment of borrowings	(6,444)	(1,207)
Repayment of finance lease liabilities	(73)	(160)
Interest paid	(1,052)	(43)
Increase in fixed deposits pledged	(1,786)	-
Net cash provided by financing activities	13,625	7,268
Net decrease in cash and cash equivalents	(364)	(25)
Cash and cash equivalents		
Beginning of financial year	852	877
End of financial year	488	852

* Amount below S\$1,000.

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

	30 June 2018 S\$'000	30 June 2017 S\$'000
Cash and cash equivalents		
Fixed deposits with bank	1,841	-
Cash and bank balances	488	852
Cash and cash equivalents in the statements of financial position	2,329	852
Less: Fixed deposits pledged	(1,841)	-
Cash and cash equivalents in the statements of cash flows	488	852

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 year of the immediately preceding financial year

Statement of change in equity

Group	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
As at 1 July 2017	52,778	(43,820)	(17)	8,941
Profit for the financial year	-	1,233	-	1,233
Other comprehensive income for the financial year	-	-	23	23
As at 30 June 2018	52,778	(42,587)	6	10,197
As at 1 July 2016	28,580	(73,607)	(14)	(45,041)
Issue of shares during the financial year	24,198	-	-	24,198
Profit for the financial year	-	29,787	-	29,787
Other comprehensive income for the financial year	-	-	(3)	(3)
As at 30 June 2017	52,778	(43,820)	(17)	8,941
Company	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
As at 1 July 2017	52,778	(44,591)	2	8,189
Profit for the financial year	-	1,233	-	1,233
Other comprehensive income for the financial year	-	-	4	4
As at 30 June 2018	52,778	(43,358)	6	9,426
As at 1 July 2016	28,580	(74,390)	1	(45,809)
Issue of shares during the financial year	24,198	-	-	24,198
Profit for the financial year	-	29,799	-	29,799
Other comprehensive income for the financial year	-	-	1	1
As at 30 June 2017	52,778	(44,591)	2	8,189

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Other reserves	Group		Company	
	30 June 2018 S\$'000	30 June 2017 S\$'000	30 June 2018 S\$'000	30 June 2017 S\$'000
(a) Composition:				
Fair value reserve	6	2	6	2
Currency translation reserve	-	(19)	-	-
	<u>6</u>	<u>(17)</u>	<u>6</u>	<u>2</u>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	2	1	2	1
Fair value gain	4	1	4	1
End of financial year	<u>6</u>	<u>2</u>	<u>6</u>	<u>2</u>
(ii) Currency translation reserve				
Beginning of financial year	(19)	(15)	-	-
Net currency translation differences of financial statements of foreign subsidiary corporation	19	(4)	-	-
End of financial year	<u>-</u>	<u>(19)</u>	<u>-</u>	<u>-</u>

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 year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year

Share Capital

During the financial year ended 30 June 2018, there has been no increase in the issued and paid-up share capital of the Company.

Warrants

As at 30 June 2018 and 2017, the 500,000,000 warrants remained outstanding.

Treasury shares

As at 30 June 2018 and 2017, there were no treasury shares held.

Convertible bonds

S\$7,000,000 convertible bonds due on 18 February 2021

We refer to the Company's announcement dated 31 August 2017, 7 September 2017 and 7 February 2018, regarding the Company's issuance of S\$7,000,000 convertible bonds due on 18 February 2021. The convertible bonds are convertible at the option of the bondholders at any time into fully paid ordinary shares of the Company at an initial conversion price of S\$0.015 per new share. As at 30 June 2018, there was no conversion of bonds into equity shares. Assuming all the bonds are fully converted as at 30 June 2018, the number of new shares to be issued would be 466,666,666.

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1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year

	Number of shares	Share capital (S\$)
As at 1 July 2017	2,832,159,507	52,778,324
As at 30 June 2018	2,832,159,507	52,778,324

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 year 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

Except as disclosed in note 5 below, the Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting year as compared with the audited annual financial statements for the financial year ended 30 June 2018.

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 new and revised Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual year beginning on or after 1 July 2017, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting year or prior years reporting year.

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

	Unaudited 30 June 2018	Audited 30 June 2017
Profit attributable to equity holders of the Company (S\$ '000)	1,233	29,788
Basic earnings per share (cents)	0.04	1.05
Weighted average number of ordinary shares (S\$ '000)	2,832,160	2,832,160
Diluted earnings per share (cents)	0.04	0.89
Weighted average number of ordinary shares (S\$ '000)	3,500,927	3,332,160

The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for share warrants and convertible bonds assuming the warrants and convertible bonds are fully exercised into ordinary shares of the Company.

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 year reported on and
(b) immediately preceding financial year

	Group		Company	
	30 June 2018 Unaudited	30 June 2017 Audited	30 June 2018 Unaudited	30 June 2017 Audited
Net assets (S\$'000)	10,197	8,941	9,426	8,189
Number of shares ('000)	2,832,160	2,832,160	2,832,160	2,832,160
Net assets value per ordinary shares (cents)	0.36	0.32	0.33	0.29

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 year 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 year reported on

Review of the Group's performance

(Financial year ended 30 June 2018 ("FY2018") vs. Financial year ended 30 June 2017 ("FY2017"))

Revenue

	Group			Increase/ (decrease) S\$'000	Increase/ (decrease)
	30 June 2018 S\$'000	30 June 2017 S\$'000			
Civil Engineering	47,358	50,439	96%	(3,081)	(6%)
Tunnelling	1,750	8,083	4%	(6,333)	(78%)
	<u>49,108</u>	<u>58,522</u>	100%	<u>(9,414)</u>	

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Review of the Group's performance (Cont'd)

Revenue from Civil Engineering segment decreased by S\$3.1 million from S\$50.4 million in FY2017 to S\$47.3 million in FY2018 due to lower revenue recognised during the financial year.

Revenue from Tunnelling segment decreased by S\$6.3 million from S\$8.1 million in FY2017 to S\$1.8 million in FY2018 due to substantial completion of the tunnelling projects in the last financial year, hence, lower revenue recognised during the financial year.

Gross profit

	30 June 2018		30 June 2017		Increase/ (decrease) SS\$'000	Increase/ (decrease)
	SS\$'000		SS\$'000			
Civil Engineering	4,697	116%	5,840	78%	(1,143)	(20%)
Tunnelling	(641)	(16%)	1,672	22%	(2,313)	(138%)
	<u>4,056</u>	<u>100%</u>	<u>7,512</u>	<u>100%</u>	<u>(3,456)</u>	

In line with the lower sales generated during the financial year, gross profit decreased by SS\$3.4 million from SS\$7.5 million in FY2017 to SS\$4.1 million in FY2018. This was mainly due to more costs incurred for the on-going projects during the financial year.

Other gains

Other gains decreased by SS\$24.2 million from SS\$24.9 million in FY2017 to SS\$730,000 in FY2018 mainly due to the write-off of creditors pursuant to the Scheme of Arrangement of SS\$22.3 million in FY2017.

Distribution and marketing expenses

The Group did not incur significant distribution and marketing expenses in FY2018.

Administrative expenses

Administrative expenses decreased by SS\$335,000 from SS\$2.6 million in FY2017 to SS\$2.3 million in FY2018 mainly due to a decrease in administrative salaries and related expenses.

Finance cost

Finance expense relates to interest expenses on borrowing costs for working capital purposes. Finance costs increased by SS\$1.2 million from SS\$43,000 in FY2017 to SS\$1.3 million in FY2018 mainly due to the increase of term loan during the financial year.

Profit for the financial year

As a result of the above factors, the Group recorded a decrease in net profit by SS\$28.6 million from SS\$29.8 million in FY2017 to SS\$1.2 million in FY2018.

Review of the Group's Financial Position

(30 June 2018 vs. 30 June 2017)

Current assets

Current assets increased by approximately SS\$13.2 million from SS\$28.9 million as at 30 June 2017 to SS\$42.1 million as at 30 June 2018. The increase was mainly due to an increase in construction contracts due from customers of approximately SS\$12.1 million and fixed deposit pledged for the year of approximately SS\$1.8 million.

Review of the Group's Financial Position (Cont'd)

Non-current assets

Non-current assets decreased by approximately S\$1.2 million from S\$6.6 million as at 30 June 2017 to S\$5.4 million as at 30 June 2018. The decrease in non-current assets was mainly due to depreciation charges.

Current liabilities

Current liabilities increased by approximately S\$2.7 million from S\$26.5 million as at 30 June 2017 to S\$29.2 million as at 30 June 2018. The increase in current liabilities was mainly due to an increase in loans of approximately S\$8.9 million for general working capital purposes.

Non-current liabilities

Non-current liabilities increased by approximately S\$8.1 million as at 30 June 2018. The increase in non-current liabilities was mainly due to proceeds from the issuance of bonds of approximately S\$6.9 million for general working capital purposes and increase of finance lease payables of approximately S\$858,000.

Review of Group's Cash Flows

(Financial year ended 30 June 2018 ("FY2018") vs. Financial year ended 30 June 2017 ("FY2017"))

Net cash used in operating activities

In FY2018, net cash used in operating activities of approximately S\$14 million consisted of operating cash inflow before working capital change of S\$4.5 million, net of working capital outflow of S\$18.5 million. The net working capital outflow arose mainly due to an increase in trade receivables and construction contracts due from customers of approximately S\$11.3 million arising from increased progress in the Civil Engineering segment.

Net cash provided by investing activities

Net cash provided by investing activities amounted to approximately S\$10,000 in FY2018 mainly due to:

- (a) proceeds from disposal of plant and equipment of approximately S\$24,000; and
- (b) partial offset by addition of plant and equipment of approximately S\$14,000.

Net cash provided by financing activities

Net cash from financing activities amounted to approximately S\$ 13.6 million in FY2018 mainly due to:

- (a) proceeds from borrowings of approximately S\$15 million primarily in relation to loans to finance the working capital for the Group's on-going projects;
- (b) proceeds from issuance of convertible bonds of approximately S\$6.7 million primarily in relation to the convertible bonds to finance the working capital for the Group's on-going projects;
- (c) partial offset by repayment of borrowings of approximately S\$6.4 million; and
- (d) partial offset by fixed deposit pledged of approximately S\$1.8 million.

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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 year and the next 12 months

Business Outlook

The Building and Construction Authority (BCA) has, in its media release on 11 January 2018, forecasted the total construction demand or value of construction contracts to be awarded in 2018 to reach between S\$26.0 billion and S\$31.0 billion, from S\$24.8 billion in 2017. The public sector is expected to contribute about 61% of the total construction demand, contributed by an increase in demand for more public projects in the pipeline such as transport infrastructure, public housing and redevelopment of residential estates. The remainder 39% will come from the private sector which is expected to improve by the increase in construction demand for private residential projects and commercial projects. In light of this, the Group is cautiously optimistic of the construction outlook in the next 12 months.

The Group has been tendering for new projects and is waiting for the results of the tenders as at the date of this announcement.

As announced by the Company on 17 July 2018, the Group has incorporated a subsidiary in India and is pending commencement of its business operations. As announced by the Company on 5 August 2018, the Group has also entered into a non-binding memorandum of understanding to acquire Hunan Chudi Hengda Inspection Co., Ltd.

11 Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

None.

(b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year 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 the financial year ended 30 June 2018.

13 Interested person transactions disclosure

The Group has obtained a general mandate from shareholders of the Company for Interested Person Transactions (“IPTs”) under Rule 920 of the Listing Manual of the SGX-ST from shareholders in the Extraordinary General Meeting held on 31 October 2017. There were no IPTs during the financial year under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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 micro tunnelling works.

Currently, the business segments operate only in Singapore.

	Civil Engineering	Tunnelling	Common and all other segments	Total
Year ended 30 June 2018	SS\$’000	SS\$’000	SS\$’000	SS\$’000
Revenue	47,358	1,750	-	49,108
Gross profit/(loss)	4,697	(641)	-	4,056
Other income	-	-	730	730
Distribution and marketing expenses	-	-	(14)	(14)
Administrative expenses	-	-	(2,275)	(2,275)
Finance expenses	-	-	(1,264)	(1,264)
Profit/(loss) before income tax	4,697	(641)	(2,823)	1,233
Less: Income tax expense	-	-	-	-
Net profit/(loss) from operations	4,697	(641)	(2,823)	1,233
Net profit includes:				
- Depreciation of property, plant and equipment	1,647	69	33	1,749
Segment assets	41,115	3,067	3,354	47,536
Total assets includes:				
- Additions to property, plant and equipment	1,369	57	12	1,438
Segment liabilities	6,828	928	29,583	37,339

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Business Segments (Cont'd)

Year ended 30 June 2017	Civil Engineering SS\$'000	Tunnelling SS\$'000	Common and all other segments SS\$'000	Total SS\$'000
Revenue	50,439	8,083	-	58,522
Gross profit	5,840	1,672	-	7,512
Other income	-	-	24,935	24,935
Distribution and marketing expenses	-	-	(5)	(5)
Administrative expenses	-	-	(2,611)	(2,611)
Finance expenses	-	-	(43)	(43)
Profit before income tax	5,840	1,672	22,276	29,788
Less: Income tax expense	-	-	-	-
Net profit from operations	5,840	1,672	22,276	29,788
Net profit includes:				
- Allowance for Depreciation of property, plant and equipment	1,312	252	405	1,969
- Impairment of property, plant and equipment - net	-	-	328	328
- Write back of impairment of receivables:				
- other receivables	-	-	(23)	(23)
Segment assets	22,634	8,803	4,048	35,485
Total assets includes:				
- Additions to property, plant and equipment	315	535	45	895
Segment liabilities	13,390	2,833	10,321	26,544

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 2018 SS\$'000	30 June 2017 SS\$'000	Increase/ (decrease) SS\$'000
a) Sales reported for first half year	31,601	26,421	5,180
b) Operating profit after taxation reported for first half of the year	649	27,389	(26,740)
c) Sales reported for second half year	17,507	32,101	(14,594)
d) Operating profit after taxation reported for second half of the year	584	2,399	(1,815)

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 FY2018 and FY2017.

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- 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.**

Any of the Person Occupying managerial position during the year were not related to any director or chief executive officer or substantial shareholder of the company.

- 19 Confirmation by the Company pursuant to Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

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

The Board of Directors of the Company (the "Board") confirms to the best of their knowledge, nothing has come to their attention of the Board which may render the unaudited financial statements of the Group for the year ended 30 June 2018 to be false or misleading in any material aspect.

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

Peter Moe

Non-Executive Chairman and Independent Director
29 August 2018

Moorthy Varadhan

Executive Director
29 August 2018