

Swee Hong Limited

Third Quarter and Nine Months

Unaudited Financial Statement

For the Period Ended

31 March 2017

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

	Current third quarter ended 31 March 2017	Previous third quarter ended 31 March 2016	Increase / (Decrease) %	Current nine months ended 31 March 2017	Previous nine months ended 31 March 2016	Increase / (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Revenue	16,149	9,278	74%	42,570	24,176	76%
Cost of works	(16,047)	(9,630)	67%	(36,561)	(23,218)	57%
Gross profit	102	(352)	n.m.	6,009	958	n.m.
Other gains – net	2,787	(121)	n.m.	25,726	279	n.m.
Expenses						
- Distribution and marketing	(2)	1	n.m.	(6)	(9)	(33%)
- Administrative	(173)	(4,724)	(96%)	(1,611)	(13,060)	(88%)
- Finance	-	(2)	(100%)	(16)	(476)	(97%)
Profit before income tax	2,714	(5,198)	n.m.	30,102	(12,308)	n.m.
Income tax	-	-	n.m.	-	-	n.m.
Net profit from continuing operations	2,714	(5,198)	n.m.	30,102	(12,308)	n.m.

(i) Consolidated Statement of comprehensive income for the Third Quarter and Nine Months ended 31 March 2017

	Current third quarter ended 31 March 2017	Previous third quarter ended 31 March 2016	Increase / (Decrease) %	Current nine months ended 31 March 2017	Previous nine months ended 31 March 2016	Increase / (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Other comprehensive income:						
Items that may be reclassified subsequently to profit:						
Available-for-sale financial assets						
- Fair value gains	-	(2)	(100%)	1	(34)	n.m.
Currency translation differences arising from consolidation						
- Profit	(4)	2	n.m.	(4)	(3)	33%
Other comprehensive income, net of tax	(4)	-	100%	(3)	(37)	(92%)
Total comprehensive profit	2,710	(5,198)	n.m.	30,099	(12,345)	n.m.

*Amount below S\$1,000

n.m. – not meaningful

(ii) Notes to the income statement

Breakdown of Other Gains

	Current third quarter ended 31 March 2017	Previous third quarter ended 31 March 2016	Increase / (Decrease)	Current nine months ended 31 March 2017	Previous nine months ended 31 March 2016	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Currency translation gains - net	(1)	*	n.m.	2	(1)	n.m.
Dividend income	-	*	n.m.	5	7	(21%)
Gain on disposal of property, plant and equipment	2,736	-	n.m.	2,759	16	n.m.
Bank interest income	-	*	n.m.	*	*	n.m.
Government grant	31	-	n.m.	87	103	(16%)
Residual rental income from dormitory	-	(183)	n.m.	-	73	n.m.
Fair value gain/(loss)	-	-	n.m.	-	9	n.m.
Write-off pursuant to Creditors Scheme of Arrangement	-	-	n.m.	22,832	-	n.m.
Income from sales of scrap materials	-	-	n.m.	1	-	n.m.
Miscellaneous	21	62	n.m.	40	72	(45%)
	<u>2,787</u>	<u>(121)</u>		<u>25,726</u>	<u>279</u>	

(iii) Included under Administrative expenses:

	Current third quarter ended 31 March 2017	Previous third quarter ended 31 March 2016	Increase / (Decrease)	Current nine months ended 31 March 2017	Previous nine months ended 31 March 2016	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	102	471	(78%)	295	1,412	(79%)
Gain/(loss) on disposal of investment property under construction	-	735	n.m.	-	669	n.m.
Impairment on property, plant and equipment	(102)	471	n.m.	(72)	546	n.m.
Accrual of claims from scheme creditors	-	1,118	n.m.	-	5,295	n.m.

*Amount below S\$1,000

n.m. – 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	
	31 March 2017 \$'000	30 June 2016 \$'000	31 March 2017 \$'000	30 June 2016 \$'000
ASSETS				
Current assets				
Cash and bank balances	3,700	4,962	3,661	4,923
Trade and other receivables	22,561	14,439	22,585	14,460
Inventory	1,585	471	1,585	471
	<u>27,846</u>	<u>19,872</u>	<u>27,831</u>	<u>19,855</u>
Discontinued operations and assets classified as held-for-sale	-	349	-	349
	<u>27,846</u>	<u>20,221</u>	<u>27,831</u>	<u>20,204</u>
Non-current assets				
Available-for-sale financial assets	12	11	12	11
Investment in subsidiary corporations	-	-	2	2
Property, plant and equipment	10,549	11,561	10,549	11,562
	<u>10,561</u>	<u>11,572</u>	<u>10,563</u>	<u>11,574</u>
Total assets	<u>38,407</u>	<u>31,793</u>	<u>38,394</u>	<u>31,777</u>
LIABILITIES				
Current liabilities				
Trade and other payables	25,327	54,654	26,069	55,406
Borrowings	5,152	22,181	5,152	22,181
Total liabilities	<u>30,479</u>	<u>76,835</u>	<u>31,221</u>	<u>77,587</u>
Net current assets	<u>(2,633)</u>	<u>(56,614)</u>	<u>(3,390)</u>	<u>(57,383)</u>
NET ASSETS	<u>7,928</u>	<u>(45,042)</u>	<u>7,173</u>	<u>(45,810)</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	51,450	28,580	51,450	28,580
Other reserves	(17)	(15)	1	1
Accumulated losses	(43,505)	(73,607)	(44,278)	(74,390)
TOTAL EQUITY	<u>7,928</u>	<u>(45,042)</u>	<u>7,173</u>	<u>(45,810)</u>

Notes to Statement of Financial Position

(i) Trade and other receivables

	Group		Company	
	31 March 2017 \$'000	30 June 2016 \$'000	31 March 2017 \$'000	30 June 2016 \$'000
Trade receivables - net	26	3,776	26	3,776
Construction contracts:				
- Due from customers	21,004	7,534	21,004	7,534
Non-trade receivables				
- Subsidiary corporations	-	-	24	21
- Related party	-	-	-	-
- Non-related parties	232	410.95	232	412
	232	411	256	433
Advances to suppliers	468	1,905	468	1,905
Deposits	181	130	181	130
Prepayments	650	683	650	682
	22,561	14,439	22,585	14,460

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

(ii) Discontinued operations and assets classified as held-for-sale

	Group		Company	
	31 March 2017 \$'000	30 June 2016 \$'000	31 March 2017 \$'000	30 June 2016 \$'000
Property, plant and equipment	-	349	-	349

(iii) Trade and other payables

	Group		Company	
	31 March 2017 \$'000	30 June 2016 \$'000	31 March 2017 \$'000	30 June 2016 \$'000
Trade payables				
- Non related parties	6,023	30,725	6,023	30,725
- Related party	13,595	3,163	13,595	3,163
	19,618	33,888	19,618	33,888
Construction contracts:				
- Due to customers	649	660	649	660
Other payables				
- Subsidiaries	-	-	774	774
- Non-related parties	1,435	11,520	1,435	11,520
	1,435	11,520	2,208	12,294
Accrued operating expenses	3,625	8,586	3,593	8,564
	25,327	54,654	26,069	55,406

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

Explanatory Notes:

Trade and other receivables as at 31 March 2017 amounting to S\$22.6 million increased by approximately S\$8.2 million as compared to S\$14.4 million as at 30 June 2016. Construction contract unbilled receivables increased by S\$13.5 million, which was offset by S\$1.4 million decrease in advances to suppliers.

Inventory as at 31 March 2017 amounting to S\$1.6 million increased by approximately S\$1.1 million as compared to S\$0.5 million as at 30 June 2016 mainly due to purchase of construction materials for civil engineering project.

Assets held-for-sale relates to the property located at 190A and 190C Chua Chu Kang Avenue 1, Singapore 689466 was disposed in January 2017 for a consideration of S\$3.1 million to fund the cash obligations due to certain creditors as per the Creditors Scheme of Arrangement.

Available-for-sale financial assets as of 31 March 2017 amounting to S\$12,000 remained relatively unchanged as compared with 30 June 2016.

Property, plant and equipment decreased by approximately S\$1.0 million from S\$11.6 million as of 30 June 2016 to S\$10.6 million as of 31 March 2017 mainly due to depreciation expenses of S\$1.4 million.

Trade and other payables decreased by approximately S\$29.3 million from S\$54.7 million as of 30 June 2016 to S\$25.4 million as of 31 March 2017 mainly due to write-offs and share issuances made pursuant to the Creditors Scheme of Arrangement.

Borrowings decreased by approximately S\$17.0 million from S\$22.2 million as of 30 June 2016 to S\$5.2 million as of 31 March 2017 mainly due to write-offs and share issuances made pursuant to the Creditors Scheme of Arrangement, and which was further offset by S\$0.9 million in loans received from related party.

As of 31 March 2017, the Group had net current liabilities of S\$2.6 million and net asset value of S\$7.9 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	
	31 March 2017	31 March 2017	30 June 2016	30 June 2016
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	-	33	-	2,264
Finance lease liabilities	-	-	160	-
Bank borrowing	2,200	2,019	2,200	5,852
Bank overdraft	-	26	-	31
Loan from a related party	-	-	-	1,800
Loan from a shareholder	-	875	-	9,874
Total	2,200	2,952	2,360	19,821

The Group's borrowing as of 31 March 2017 was S\$5.2 million of which S\$2.2 million is secured and S\$3.0 million is unsecured.

Of the S\$3.0 million unsecured borrowing, S\$2.1 million is subject to the settlement according to Creditors Scheme of Arrangement.

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 Third Quarter and Nine months ended 31 March 2017

	The Group		The Group	
	Current third quarter ended 31 March 2017 \$'000	Previous third quarter ended 31 March 2016 \$'000	Current nine months ended 31 March 2017 \$'000	Previous nine months ended 31 March 2016 \$'000
Cash flows from operating activities				
- Profit/(loss) from continuing operations	2,714	(5,195)	30,102	(12,306)
Net Profit/(loss)	2,714	(5,195)	30,102	(12,306)
Adjustments for:				
- Write-off pursuant to Creditors Scheme of Arrangement	-	-	(22,832)	-
- Depreciation of property, plant and equipment	512	471	1,435	1,413
- Impairment of property, plant, and equipment	(119)	471	(89)	546
- Gain on disposal of property, plant and equipment	(2,795)	-	(2,817)	(16)
- Gain on disposal of investment property under construction	-	735	-	670
- Fair value loss on available-for-sale financial assets-net	-	(1)	*	(32)
- Interest income	-	*	*	*
- Interest expense	*	-	16	473
- Dividend income	-	*	(5)	(7)
- Unrealised currency translation gains-net	(4)	-	(4)	(6)
	308	(3,519)	5,806	(9,265)
Change in working capital:				
- Construction contract work-in-progress	676	(1,730)	(1,114)	(2,708)
- Trade and other receivables	(3,247)	(1,957)	(8,121)	64
- Trade and other payables	2,911	4,974	(1,983)	2,225
Cash flows generated from operations	648	(2,232)	(5,412)	(9,684)
Interest received	*	*	*	*
Net cash generated by/(used in) operating activities	648	(2,232)	(5,412)	(9,684)
Cash flows from investing activities				
Additions to property, plant and equipment	(291)	(487)	(347)	(562)
Additions to investment property	-	-	-	-
Disposal of property, plant and equipment	73	*	96	16
Dividends received	-	-	5	7
Disposal of available-for-sale financial assets	-	1	-	277
Proceeds from disposal of investment property under construction	-	-	-	30,000
Proceeds from disposal of assets held for sale	3,100	-	3,100	-
Net cash provided by/(used in) investing activities	2,882	(486)	2,854	29,738
Cash flows from financing activities				
Bank balances restricted for use	(3,400)	-	532	-
Repayment of finance lease liabilities	-	(85)	(161)	(196)
Proceeds from borrowings	725	1,800	3,375	1,800
Repayment of borrowings	(2,500)	-	(5,871)	(20,473)
Interest paid	*	-	(16)	-
Issuance of subscription shares	-	-	4,000	-
Net cash (used in)/ provided by financing activities	(5,175)	1,715	1,859	(18,869)
Net (decrease)/ increase in cash and cash equivalents	(1,645)	(1,003)	(699)	1,185
Cash and cash equivalents				
Beginning of financial period	1,823	5,381	877	3,194
End of financial period	178	4,378	178	4,379

* Amount below S\$1,000

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

	Group	
	31 March 2017	30 June 2016
	\$'000	\$'000
Cash and bank balances	3,700	4,961
Less: Bank overdraft	(26)	(31)
Less: Cash restricted for use (a)	(3,496)	(4,053)
Cash and cash equivalents per consolidated statement of cash flows	<u>178</u>	<u>877</u>

- a) Included in the cash and cash equivalents are bank balances amounting to S\$3,495,470 (30 June 2016: S\$4,052,798) which are restricted for use of a particular project and partial fulfilment of Scheme of Arrangement

Explanatory Notes:

(i) Review of Cash Flows for the nine months ended 31 March 2017.

Net cash used in operating activities

During the nine-month period of FY2017, cash used in operating activities amounted to S\$5.4 million. The reasons for the changes in working capital have been explained in the Explanatory Notes to the Statement of Financial Position on page 6 of this Announcement.

Net cash used in investing activities

During the nine-month period of FY2017, net cash provided by investing activities of S\$2.9 million arise mainly from the S\$3.1 million gross proceeds from disposal of company's property located at 190A and 190C Chua Chu Kang Avenue 1, Singapore 689466 in January 2017, offset by additions to property plant and equipment of S\$0.3 million.

Net cash from financing activities

Net cash provided by financing activities of approximately S\$1.9 million came from proceeds obtained from borrowings and the issuance of shares.

Overall, cash and bank balances stood at approximately S\$3.7 million as of 31 March 2017.

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	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
Group				
2017				
As at 1 July 2016	28,580	(73,607)	(15)	(45,042)
Issuance of shares	22,870	-	-	22,870
Total comprehensive income for the year	-	30,102	(2)	30,100
As at 31 March 2017	51,450	(43,505)	(17)	7,928
2016				
As at 1 July 2015	28,580	(63,429)	132	(34,717)
Total comprehensive loss for the year	-	(12,306)	(38)	(12,343)
As at 31 March 2016	28,580	(75,734)	94	(41,864)
	Share Capital	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
Company				
2017				
As at 1 July 2016	28,580	(74,390)	1	(45,809)
Issuance of shares	22,870	-	-	22,870
Total comprehensive income for the year	-	30,112	-	30,112
As at 31 March 2017	51,450	(44,278)	1	7,173
2016				
As at 1 July 2015	28,580	(63,621)	134	(34,907)
Total comprehensive loss for the year	-	(12,296)	(34)	(12,330)
As at 31 March 2016	28,580	(75,916)	100	(47,236)

Other Reserves

	Group		Company	
	31 March 2017	30 June 2016	31 March 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Fair value reserve	2	1	2	1
Currency translation reserve	(18)	(16)	-	-
	(17)	(15)	2	1
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	1	134	1	134
Fair value (loss)/ gain	1	(133)	1	(133)
Reclassification to profit or loss	-	-	-	-
End of financial year	2	1	2	1
(ii) Currency translation reserve				
Beginning of financial year	(15)	(2)	-	-
Net currency translation differences of financial statements of foreign subsidiaries	(4)	(14)	-	-
End of financial year	(19)	(16)	-	-

* 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

	31 March 2017	30 June 2016
Total number of issued shares	2,765,728,294	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 financial information for the third quarter ended 31 March 2017 as set out in this announcement has been extracted from the unaudited condensed consolidated financial information for the three-months and nine-months ended 31 March 2017, which has been reviewed by our auditors, Nexia TS Public Accounting Corporation, in accordance with the Singapore Financial Reporting Standard ("FRS") 34, "Interim Financial Reporting".

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

Please refer to the attached auditors' review report.

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 same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period as compared with the audited consolidated financial statements as at 30 June 2016.

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

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

	Current third quarter ended 31 March 2017	Previous third quarter ended 31 March 2016	Current nine months ended 31 March 2017	Previous nine months ended 31 March 2016
Net profit attributable to equity holders of the Company (S\$'000)	2,714	(5,198)	30,102	(12,308)
Weighted average number of ordinary shares in issue ('000)	2,413,195	368,500	2,413,195	368,500
Basic and diluted profit per share (cents)	0.11	(1.41)	1.25	(3.34)

- 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 31 March 2017	As at 30 June 2016	As at 31 March 2017	As at 30 June 2016
Net assets (S\$'000)	7,928	(45,042)	7,173	(45,810)
Number of shares ('000)	2,765,728	368,500	2,765,728	368,500
Net assets value per ordinary share (cents)	0.29	(12.22)	0.26	(12.43)

- 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 micro-tunnelling works in Singapore and acts primarily as the main contractor.

Income Statement Review (Third Quarter ended 31 March 2017 vs. Third Quarter ended 31 March 2016)

Revenue

	Group					
	Current third quarter ended 31 March 2017		Previous third quarter ended 31 March 2016		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	13,623	84%	8,404	91%	5,218	62%
Tunnelling	2,526	16%	874	9%	1,652	189%
	16,149	100%	9,278	100%	6,871	

Revenue from Civil Engineering segment increased by S\$5.2 million from S\$8.4 million in 3Q2016 to S\$13.6 million in 3Q2017 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown.

Revenue from Tunnelling segment increased by S\$1.7 million from S\$0.9 million in 3Q2016 to S\$2.5 million in 3Q2017 mainly due to increased progress in the Nee Soon tunnelling project.

Gross (Loss)/Profit

	Group					
	Current third quarter ended 31 March 2017		Previous third quarter ended 31 March 2016		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	(442)	(434%)	611	(174%)	(1,053)	(172%)
Tunnelling	544	534%	(963)	274%	1,508	n.m
	102	100%	(352)	100%	454	

n.m. denotes not meaningful

The Group's gross profit increased by S\$0.5 million from a gross loss of S\$0.4 million in 3Q2016 to a gross profit of S\$0.1 million in 3Q2017 mainly due to increased activities and operational efficiency in Nee Soon tunnelling project.

Other Gains

Other gains for 3Q2017 of S\$2.8 million mainly due to the S\$2.7 million in gain on disposal of Company's property located at 190A and 190C Chua Chu Kang Avenue 1, Singapore 689466.

Distribution and Marketing

The Company did not incur significant distribution and marketing expenses during 3Q2017.

Administrative Expenses

Administrative expenses decreased by S\$4.5 million in 3Q2017 as compared to 3Q2016 mainly due to a one-off accrual of claims from scheme creditors of S\$1.2 million in 3Q2016. Reduction in depreciation expenses of S\$0.4 million due to reclassification of depreciation expenses of plant and machinery from administrative expenses to cost of works. Reduction in accrued professional fees of S\$0.3 million, reduction in salaries and related expenses of S\$0.8 million in 3Q2017 due to reclassification of project related staff and workers CPF and foreign workers levy from administrative expenses to cost of works.

Finance Expenses

Financing expenses relates to interest expenses on borrowing costs.

Profit before income tax

The Group generated a profit before income tax of approximately S\$2.7 million in 3Q2017.

Income tax

The Company did not make any provision for tax for the current period due to the unutilised losses brought forward from previous financial years. The management is confident of obtaining waiver of shareholding test from IRAS to be able to utilise the tax losses.

Total Profit after tax

The Group generated a net profit after tax of approximately S\$2.7 million due to the reasons stated above.

Income Statement Review (Nine months ended 31 March 2017 vs. Nine months ended 31 March 2016)

Revenue

	Current nine months ended 31 March 2017		Previous third quarter ended 31 March 2016		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	35,911	84%	21,858	90%	14,053	64%
Tunnelling	6,658	16%	2,318	11%	4,341	187%
	42,570	100%	24,176	100%	18,394	

n.m. denotes not meaningful

Revenue from Civil Engineering segment increased by S\$14.1 million from S\$21.9 million in YTD 3Q2016 to S\$35.9 million in YTD 3Q2017 mainly due to due to increased activities of the on-going projects.

Revenue from Tunnelling segment increased by S\$4.3 million from S\$2.3 million in YTD 3Q2016 to S\$6.7 million in YTD 3Q2017 mainly due to an increased activities of the Nee Soon tunnelling project.

Gross Profit

	Group					
	Current second quarter ended 31 March 2017		Previous first quarter ended 31 March 2016		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	2,345	39%	1,911	199%	435	(23%)
Tunnelling	3,664	61%	(953)	(99%)	4,617	n.m
	6,009	100%	958	100%	5,053	

n.m. denotes not meaningful

The Group's gross profit increased by S\$5.1 million from S\$0.9 million in YTD 3Q2016 to S\$6.0 million in YTD 3Q2017 mainly due to increased operational efficiency in the ongoing projects.

Other Gains

Other gains for YTD 3Q2017 of S\$25.7 million is mainly due to write-off pursuant to Creditors Scheme of Arrangement amounting to approximately S\$22.8 million and S\$2.7 million in gain on disposal of Company's property located at 190A and 190C Chua Chu Kang Avenue 1, Singapore 689466.

Distribution and marketing

The Company did not incur significant distribution and marketing expenses during YTD 3Q2017.

Administrative Expenses

Administrative expenses decreased by S\$11.5 million in YTD 3Q2017 as compared to YTD 3Q2016 mainly due to a one-off accrual of claims from scheme creditors of S\$5.3 million in YTD 3Q2016. Reduction in depreciation expenses of S\$1.4 million due to reclassification of depreciation expenses of plant and machinery from administrative expenses to cost of works. Reduction in accrued professional fees of S\$2.0 million, reduction in salaries and related expenses of S\$1.1 million in YTD 3Q2017 due to reclassification of project related staff and workers CPF and foreign workers levy from administrative expenses to cost of works.

Finance Expenses

Financing expenses relates to interest expenses on borrowing costs.

Profit before income tax

The Group generated a profit before income tax of approximately S\$30.1 million in YTD 3Q2017.

Income tax

The Company did not make any provision for tax for the current period due to the unutilised losses brought forward from previous financial years. The management is confident of obtaining waiver of shareholding test from IRAS to be able to utilise the tax losses.

Total Profit after tax

The Group generated a net profit after tax of approximately S\$30.1 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. There has been no variance in the operating performance of the Group in the third quarter of FY2017 as compared to what was disclosed in paragraph 10 of the Company's announcement of results for the second quarter ended 31 December 2016.

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

Business Outlook

The Group will continue to bid for suitable projects to strengthen its order book. The current order book of the Group is approximately \$80.9 million as of 31 March 2017.

General

The Group's Net Tangible Assets as at 31 March 2017 is S\$7.9 million as compared to Net Tangible Liabilities of S\$56.6 million as at 30 June 2016. The Group has achieved a profit of S\$30.1 million in the first nine months of the financial year ending 30 June 2017.

Creditors Scheme of Arrangement ("Scheme")

The Company is continuing to work with the Scheme Manager to fulfil its obligations in accordance with the terms of the Scheme and to bring the Scheme to an end at the earliest.

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/recommended, a statement to that effect

No dividend had been declared for the third quarter and nine months ended 31 March 2017.

13 Interested person transactions disclosure

The Group has not obtained a general mandate for Interested Persons Transactions under Rule 920 from shareholders.

There was no IPT of value above S\$100,000 being transacted in during the period under review.

14 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.

15 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 third quarter and nine months ended 31 March 2017 to be false or misleading in any material aspect.

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

Harish Parameswar
Non-Executive Chairman and Independent Director

Anil Dhanpatlal Agrawal
Executive Director

15 May 2017

Report on review of Interim Financial Information For the three-months and nine-months period ended 31 March 2017

The Board of Directors
Swee Hong Limited (the "Company") and its subsidiary Corporations (the "Group")

Introduction

We have reviewed the accompany statement of balance sheet and changes in total equity of Swee Hong Limited (the "Company") and consolidated statement of balance sheet of Swee Hong Limited and its subsidiary corporations (the "Group") as at 31 March 2017, and the related consolidated statements of income, comprehensive income, changes in total equity and cash flows for the Group for the three-month and nine-month period then ended, and certain explanatory notes (the "Condensed Interim Financial Information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Financial Reporting Standard ("FRS") 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard 34.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Interim Financial Information for the purpose of assisting the Company to meet the requirements of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company's announcement of its interim financial information for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.



Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

15 MAY 2017