

# **Swee Hong Limited**

**Second Quarter and Half Year**

**Unaudited Financial Statement**

**For the Period Ended**

**31 December 2015**

**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 second quarter ended 31 Dec 2015 \$'000	Previous second quarter ended 31 Dec 2014 \$'000	Increase / (Decrease) %	Current half year ended 31 Dec 2015 \$'000	Previous half year ended 31 Dec 2014 \$'000	Increase / (Decrease) %
Revenue	9,797	8,804	11%	14,898	16,984	(12%)
Cost of works	(8,786)	(6,227)	41%	(13,588)	(14,157)	(4%)
Gross profit	1,011	2,577	(61%)	1,310	2,827	(54%)
Other gains – net	88	19	n.m.	400	33	n.m.
Expenses						
- Distribution and marketing	(10)	(12)	(19%)	(10)	(38)	n.m.
- Administrative	(6,123)	(2,202)	178%	(8,336)	(4,405)	89%
- Finance	(472)	(174)	171%	(474)	(291)	63%
	(5,506)	208	n.m.	(7,110)	(1,874)	279%
Share of loss of associated company	-	-	n.m.	-	(46)	n.m.
(Loss) /profit before income tax	(5,506)	208	n.m.	(7,110)	(1,920)	270%
Income tax credit	-	-	n.m.	-	-	n.m.
<b>Net (Loss) / Profit</b>	<b>(5,506)</b>	<b>208</b>	n.m.	<b>(7,110)</b>	<b>(1,920)</b>	270%
	<b>(5,506)</b>	<b>208</b>	n.m.	<b>(7,110)</b>	<b>(1,920)</b>	270%

**(i) Consolidated Statement of comprehensive income for the Second Quarter and Half Year ended 31 December 2015**

	Current second quarter ended 31 Dec 2015 \$'000	Previous second quarter ended 31 Dec 2014 \$'000	Increase / (Decrease) %	Current half year ended 31 Dec 2015 \$'000	Previous half year ended 31 Dec 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	1	(16)	(104%)	(32)	(7)	355%
Currency translation differences arising from consolidation						
- Losses	(5)	*	n.m.	(5)	(2)	n.m.
Other comprehensive income, net of tax	(4)	(16)	(72%)	(37)	(9)	309%
<b>Total comprehensive loss</b>	<b>(5,510)</b>	<b>192</b>	n.m.	<b>(7,147)</b>	<b>(1,929)</b>	270%

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

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

Breakdown of Other Gains

	Current second quarter ended 31 Dec 2015 \$'000	Previous second quarter ended 31 Dec 2014 \$'000	Increase / (Decrease) %	Current half year ended 31 Dec 2015 \$'000	Previous half year ended 31 Dec 2014 \$'000	Increase / (Decrease) %
Currency translation gains/(losses) - net	(3)	4	n.m.	(1)	6	n.m.
Dividend income	1	1	(31%)	7	1	810%
Gain on disposal of property, plant and equipment	2	-	n.m.	16	-	n.m.
Bank interest income	*	*	n.m.	*	*	n.m.
Government grant	76	-	n.m.	103	-	n.m.
Residual rental income from dormitory	-	-	n.m.	256	-	n.m.
Fair value gain/(loss)	9	-	n.m.	9	-	n.m.
Miscellaneous	3	14	(78%)	10	26	(63%)
	<b>88</b>	<b>19</b>		<b>400</b>	<b>33</b>	

(iii) **Included under Administrative expenses**

	Current second quarter ended 31 Dec 2015 \$'000	Previous second quarter ended 31 Dec 2014 \$'000	Increase / (Decrease) %	Current half year ended 31 Dec 2015 \$'000	Previous half year ended 31 Dec 2014 \$'000	Increase / (Decrease) %
Depreciation of property, plant and equipment	471	566	(17%)	941	1,124	(16%)
Gain/(loss) on disposal of investment property under construction	89	-	n.m.	(66)	-	n.m.
Impairment on property, plant and equipment	28	-	n.m.	75	-	n.m.
Accrual of claims from scheme creditors	4,177	-	n.m.	4,177	-	n.m.

**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 December 2015	30 June 2015	31 December 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,381	3,194	5,343	3,155
Trade and other receivables	13,125	15,146	13,137	15,153
Construction contract work-in-progress	1,147	169	1,147	169
	19,653	18,509	19,627	18,477
Assets classified as held-for-sale	340	32,907	340	32,907
	<b>19,993</b>	<b>51,416</b>	<b>19,967</b>	<b>51,384</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	11	288	11	288
Investment in subsidiaries	-	-	602	602
Property, plant and equipment	11,073	12,006	11,073	12,006
	<b>11,084</b>	<b>12,294</b>	<b>11,686</b>	<b>12,896</b>
<b>Total assets</b>	<b>31,077</b>	<b>63,710</b>	<b>31,653</b>	<b>64,280</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	49,979	53,009	50,733	53,770
Borrowings	22,962	43,066	22,962	43,066
	72,941	96,075	73,695	96,836
Liabilities directly associated with assets classified as held-for-sale	-	2,314	-	2,314
	<b>72,941</b>	<b>98,389</b>	<b>73,695</b>	<b>99,150</b>
<b>Non-current liabilities</b>				
Borrowings	-	38	-	38
<b>Total liabilities</b>	<b>72,941</b>	<b>98,427</b>	<b>73,695</b>	<b>99,188</b>
<b>Net Current Liabilities</b>	<b>(52,948)</b>	<b>(46,973)</b>	<b>(53,728)</b>	<b>(47,766)</b>
<b>NET LIABILITIES</b>	<b>(41,864)</b>	<b>(34,717)</b>	<b>(42,042)</b>	<b>(34,908)</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	95	132	101	134
Accumulated losses	(70,539)	(63,429)	(70,723)	(63,621)
<b>TOTAL EQUITY</b>	<b>(41,864)</b>	<b>(34,717)</b>	<b>(42,042)</b>	<b>(34,908)</b>

## Notes to Statement of Financial Position

### (i) Trade and other receivables

	Group		Company	
	31 December 2015 \$'000	30 June 2015 \$'000	31 December 2015 \$'000	30 June 2015 \$'000
Trade receivables	1,737	1,279	1,737	1,279
Construction contracts:				
- Due from customers	6,587	6,685	6,587	6,685
Non-trade receivables				
- Subsidiary	-	-	11	7
- Related	-	-	1	-
- Non-related parties	2,601	263	2,601	263
	2,601	263	2,613	270
Deposits	343	354	343	354
Prepayments	76	17	76	17
Advances to suppliers	1,781	6,548	1,781	6,548
	<b>13,125</b>	<b>15,146</b>	<b>13,137</b>	<b>15,153</b>

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

### (ii) Assets Held for Sale

	Group		Company	
	31 December 2015 \$'000	30 June 2015 \$'000	31 December 2015 \$'000	30 June 2015 \$'000
Investment property under construction	-	29,064	-	29,064
Property, plant and equipment	340	349	340	349
Non-trade receivables	-	3,455	-	3,455
Deposits	-	39	-	39
	<b>340</b>	<b>32,907</b>	<b>340</b>	<b>32,907</b>

### (iii) Trade and other payables

	Group		Company	
	31 December 2015 \$'000	30 June 2015 \$'000	31 December 2015 \$'000	30 June 2015 \$'000
Trade payables - non-related parties	25,888	25,566	27,069	25,566
Construction contracts:				
- Due to customers	5,875	5,550	5,875	5,550
Other payables				
- Subsidiaries	-	-	774	774
- Related parties	1,355	1,355	1,355	1,355
- Non-related parties	12,203	15,971	11,023	15,971
	13,559	17,326	13,152	18,100
Accrued operating expenses	4,658	4,567	4,637	4,554
	<b>49,979</b>	<b>53,009</b>	<b>50,733</b>	<b>53,770</b>

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

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

	Group		Company	
	31 December 2015 \$'000	30 June 2015 \$'000	31 December 2015 \$'000	30 June 2015 \$'000
Other payables - non-related parties	-	2,314	-	2,314
	<u>-</u>	<u>2,314</u>	<u>-</u>	<u>2,314</u>

**Explanatory Notes:**

Trade and other receivables as at 31 December 2015 amounting to S\$13.1 million decreased by approximately S\$2.0 million as compared to S\$15.1 million as at 30 June 2015 mainly due to reduction of advances to suppliers from S\$6.5 million as at 30 June 2015 to S\$1.8 million as at 31 December 2015. This was offset by reclassification of rental receivables from dormitory of approximately S\$2.6 million from assets classified as held for sale.

Construction contract work-in-progress as at 31 December 2015 amounting to S\$1.1 million increased by approximately S\$0.9 million from S\$0.2 million as at 30 June 2015 mainly due to purchase of inventories for ER382 project.

Assets held-for-sale relates to the property located at 190A/190 Chua Chu Kang Avenue 1, Singapore 689466 which is expected to be sold in the near future to fund the Creditors Scheme of Arrangement.

Available-for-sale financial assets as of 31 December 2015 amounting to S\$11,000 decreased by approximately S\$0.3 million mainly due to disposal during the financial period.

Property, plant and equipment decreased by approximately S\$0.9 million from S\$12.0 million as at 30 June 2015 to S\$11.1 million as at 31 December 2015 mainly due to S\$0.9 million depreciation charge for the period.

Trade and other payables decreased by approximately S\$3.0 million from S\$53.0 million as at 30 June 2015 to S\$50.0 million as at 31 December 2015 due to shorter credit periods granted by suppliers resulting in prompt payments to trade and non-trade creditors. Accrued operating expenses increased by S\$0.1 million from S\$4.6 million as at 30 June 2015 to S\$4.7 million as at 31 December 2015.

As of 31 December 2015, the Group had a net current liabilities of S\$52.9 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 December 2015	31 December 2015	30 June 2015	30 June 2015
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	-	2,708	-	2,560
Finance lease liabilities	365	-	439	-
Bank borrowing	2,800	5,999	28,949	-
Bank overdraft	-	-	-	28
Loan from a non-related party	-	1,216	-	1,216
Loan from directors	-	9,874	-	9,874
<b>Total</b>	<b>3,165</b>	<b>19,797</b>	<b>29,388</b>	<b>13,678</b>

(b) Amount repayable after one year

	The Group		The Group	
	31 December 2015	31 December 2015	30 June 2015	30 June 2015
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	38	-
Bank borrowing	-	-	-	-
Loan from directors	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>

The Group's bank borrowings consist of S\$11.9 million of which S\$3.2 million are secured and S\$8.7million unsecured.

Interest-free loans from a Director amounting to S\$9.9 million and from a non-related party amounting to S\$1.2 million are 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 Second Quarter and Half Year ended 31 December 2015

	The Group		The Group	
	Current second quarter ended 31 December 2015	Previous second quarter ended 31 December 2014	Current half year ended 31 December 2015	Previous half year ended 31 December 2014
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
- (loss)/ profit from continuing operations	(5,506)	208	(7,110)	(1,920)
Net loss	(5,506)	208	(7,110)	(1,920)
Adjustments for:				
- Depreciation of property, plant and equipment	471	566	941	1,124
- Impairment of property, plant, and equipment	28	-	75	-
- Gain on disposal of property, plant and equipment	(2)	-	(16)	-
- Gain on disposal of investment property under construction	89	-	(66)	-
- Fair value loss on available-for-sale financial assets	33	-	(31)	-
- Interest income	*	-	*	-
- Interest expense	473	174	474	291
- Dividend income	(1)	-	(7)	-
- Unrealised currency translation gains-net	(5)	-	(5)	(2)
- Share of loss of associated company	-	-	-	46
	(4,420)	948	(5,745)	(461)
<b>Change in working capital:</b>				
- Construction contract work-in-progress	732	(249)	(978)	96
- Trade and other receivables	500	609	2,021	2,566
- Trade and other payables	2,746	(3,574)	(2,752)	10,186
Cash flows generated from operations	(442)	(2,266)	(7,454)	12,387
Interest received	-	-	-	-
<b>Net cash (used in)/ provided by operating activities</b>	(442)	(2,266)	(7,454)	12,387
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(28)	(1,013)	(75)	(1,723)
Additions to investment property	-	(15,077)	-	(36,981)
Disposal of property, plant and equipment	2	-	16	-
Dividends received	1	-	7	-
Disposal of available-for-sale financial assets	216	-	277	-
Proceeds from disposal of investment property under construction	-	-	30,000	-
<b>Net cash provided by/ (used in) investing activities</b>	191	(16,090)	30,225	(38,704)
<b>Cash flows from financing activities</b>				
Bank deposits pledged	-	303	-	303
Repayment of finance lease liabilities	(111)	(362)	(111)	(890)
Proceeds from borrowings	-	21,664	-	32,204
Repayment of borrowings	-	(1,164)	(20,473)	(3,111)
Interest paid	-	(174)	-	(291)
<b>Net cash (used in)/ provided by financing activities</b>	(111)	20,267	(20,584)	28,215
<b>Net (decrease)/increase in cash and cash equivalents</b>	(362)	1,911	2,187	1,898
<b>Cash and cash equivalents</b>				
Beginning of financial period	5,743	420	3,194	433
<b>End of financial period</b>	<b>5,381</b>	<b>2,331</b>	<b>5,381</b>	<b>2,331</b>

\* Amount below S\$1,000



## Consolidated statements of cash flows (Cont'd)

### **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>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	5,381	2,331
	<b>5,381</b>	<b>2,331</b>

	<b>Group</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances (as above)	5,381	2,331
Less: Bank deposit pledged	-	-
Less: Bank overdraft	-	-
Cash and cash equivalents per consolidated statement of cash flows	<b>5,381</b>	<b>2,331</b>

### **(ii) Review of Cash Flows for the six months ended 31 December 2015.**

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

In 1H2016, cash used in operating activities amounted to S\$7.5 million. The reasons for the changes in working capital had been 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\$30.2 million provided by investing activities arise mainly from the S\$30.0 million gross proceeds from disposal of investment property under construction and S\$0.3 million from disposal of available-for-sale financial assets which was offset by additions to property plant and equipment.

#### **Net cash from financing activities**

Net cash of approximately S\$20.6 million used in financing activities was mainly due to repayment of bank borrowings of S\$20.5 million and repayment of finance lease liabilities amounting to S\$0.1 million.

Overall, cash and cash equivalents stood at approximately S\$5.4 million as at 31 December 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	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2015</b>				
As at 1 July 2015	28,580	(63,429)	132	(34,717)
Total comprehensive loss for the year	-	(7,110)	(37)	(7,147)
<b>As at 31 December 2015</b>	<b>28,580</b>	<b>(70,539)</b>	<b>95</b>	<b>(41,864)</b>
<b>2014</b>				
As at 1 July 2014	28,580	(12,122)	162	16,621
Total comprehensive (loss)/income for the year	-	(1,920)	(9)	(1,930)
<b>As at 31 December 2014</b>	<b>28,580</b>	<b>(14,042)</b>	<b>153</b>	<b>14,691</b>
<b>Company</b>				
<b>2015</b>				
As at 1 July 2015	28,580	(63,621)	134	(34,907)
Total comprehensive loss for the year	-	(7,100)	(33)	(7,133)
<b>As at 31 December 2015</b>	<b>28,580</b>	<b>(70,721)</b>	<b>101</b>	<b>(42,042)</b>
<b>2014</b>				
As at 1 July 2014	28,580	(12,258)	162	16,484
Total comprehensive (loss)/income for the year	-	(1,873)	(7)	(1,880)
<b>As at 31 December 2014</b>	<b>28,580</b>	<b>(14,131)</b>	<b>155</b>	<b>14,604</b>

**Other reserves**

	Group		Company	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Fair value reserve	102	134	102	134
Currency translation reserve	(7)	(2)	-	-
	<b>95</b>	<b>131</b>	<b>102</b>	<b>134</b>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	134	162	134	162
Fair value (loss)/ gain	(32)	25	(32)	25
Reclassification to profit or loss	-	(53)	-	(53)
<b>End of financial year</b>	<b>102</b>	<b>134</b>	<b>102</b>	<b>134</b>
(ii) Currency translation reserve				
Beginning of financial year	(2)	*	-	-
Net currency translation differences of financial statements of foreign subsidiaries	(5)	(2)	-	-
<b>End of financial year</b>	<b>(7)</b>	<b>(2)</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**

	31 December 2015	30 June 2015
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 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 2015.

**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 second quarter ended 31 December 2015	Previous second quarter ended 31 December 2015	Current first half ended 31 December 2015	Previous first half ended 31 December 2014
Net loss attributable to equity holders of the Company (S\$'000)	(5,506)	208	(7,110)	(1,920)
Weighted average number of ordinary shares in issue ('000)	368,500	368,500	368,500	368,500
<b>Basic and diluted loss per share (cents)</b>	<b>(1.49)</b>	<b>0.06</b>	<b>(1.93)</b>	<b>(0.52)</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 31 December 2015	As at 30 June 2015	As at 31 December 2015	As at 30 June 2015
Net liabilities (S\$'000)	(41,864)	(34,717)	(42,042)	(34,908)
Number of shares ('000)	368,500	368,500	368,500	368,500
Net liabilities value per ordinary share (cents)	(11.36)	(9.42)	(11.41)	(9.47)

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

### **Income Statement Review (Second Quarter ended 31 December 2015 vs. Second Quarter ended 31 December 2014)**

#### **Revenue**

	Group					
	Current second quarter ended 31 December 2015		Previous second quarter ended 31 December 2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	9,280	95%	5,385	61%	3,895	72%
Tunnelling	517	5%	3,206	36%	(2,689)	(84%)
Dormitory	-	0%	213	2%	(213)	n.m
	<b>9,797</b>	<b>100%</b>	<b>8,804</b>	<b>100%</b>	<b>993</b>	

Revenue from Civil Engineering segment increased by S\$3.9 million from S\$5.4 million in 2Q2015 to S\$9.3 million in 2Q2016 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown.

Revenue from Tunnelling segment decreased by S\$2.7 million from S\$3.2 million in 2Q2015 to S\$0.5 million in 2Q2016 mainly due to slow progress as a result of to the Company's financial situation.

#### **Gross profit/(loss)**

	Group					
	Current second quarter ended 31 December 2015		Previous second quarter ended 31 December 2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	1,018	101%	1,801	70%	(783)	43%
Tunnelling	(7)	(1%)	563	22%	(570)	(101%)
Dormitory	-	0%	213	8%	(213)	n.m.
	<b>1,011</b>	<b>100%</b>	<b>2,577</b>	<b>100%</b>	<b>(1,566)</b>	

n.m. – not meaningful

The Group's gross profit decreased by S\$1.6 million from S\$2.6 million in 2Q2015 to S\$1.0 million in 2Q2016 mainly due to the increased costs and provisions in the current financial period as compared to previous financial period.

Gross profit from Civil Engineering segment decreased by S\$0.8 million during the financial period from approximately S\$1.8 million in 2Q2015 to S\$1.0 million in 2Q2016 mainly due to increased direct costs in two of the projects, one of which is nearing completion.

Gross profit from Tunnelling segment decreased by S\$0.6 million during the financial period from S\$0.6 million in 2Q2015 to negative S\$7,000 in 2Q2016. This was mainly due to slow progress in one of the tunnelling projects while continuing to incur direct costs.

### **Distribution and marketing**

The company did not incur significant distribution and marketing expenses during 2Q2016.

### **Administrative expenses**

Administrative expenses for 2Q2016 increased by S\$3.9 million as compared with 2Q2015. The administrative expenses of S\$6.1 million mainly comprised of accrual of expenses of S\$4.2 million relating to Scheme Creditors, depreciation of S\$0.5 million, salaries and related costs of S\$0.6 million, professional fees S\$0.5 million and other operating expenses.

### **Finance Expenses**

Financing expenses relates to interest expenses on borrowing costs.

### **Loss before income tax**

The Group incurred a loss before income tax of approximately S\$5.5 million in 2Q2016, an increase of S\$5.7 million as compared to a profit before income tax of approximately S\$0.2 million in 2Q2015.

### **Total loss after tax**

The Group incurred a net loss after tax of approximately S\$5.5 million due to the reasons stated above.

## Income Statement Review (Half Year ended 31 December 2015 vs. Half Year ended 31 December 2014)

### Revenue

	Group					
	Current half year ended 31 December 2015		Previous half year ended 31 December 2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	13,454	90%	10,606	62%	2,847	27%
Tunneling	1,444	10%	6,165	37%	(4,720)	(77%)
Dormitory	-	0%	213	1%	(213)	n.m
	<b>14,898</b>	<b>100%</b>	<b>16,984</b>	<b>100%</b>	<b>(2,086)</b>	

Revenue from Civil Engineering segment increased by S\$2.8 million from S\$10.6 million in 1H2015 to S\$13.5 million in 1H2016 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown.

Revenue from Tunnelling segment decreased by S\$4.7 million from S\$6.2 million in 1H2015 to S\$1.4 million in 1H2016 mainly due to slow progress as a result of the Company's financial situation.

### Gross profit/(loss)

	Group					
	Current half year ended 31 December 2015		Previous half year ended 31 December 2014		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	1,300	99%	1,562	55%	(262)	17%
Tunnelling	10	1%	1,052	37%	(1,042)	(99%)
Dormitory	-	0%	213	8%	(213)	n.m.
	<b>1,310</b>	<b>100%</b>	<b>2,827</b>	<b>100%</b>	<b>(1,516)</b>	

The Group's gross profit decreased by S\$1.5 million from S\$2.8 million in 1H2015 to S\$1.3 million in 1H2016 mainly due to the increased costs and provisions in the current financial period as compared to previous financial period.

Gross profit from Civil Engineering segment decreased by S\$0.3 million from approximately S\$1.6 million in 1H2015 to S\$1.3 million in 1H2016 mainly due to increased direct costs in two of the projects, one of which is nearing completion.

Gross profit from Tunnelling segment decreased by S\$1.0 million during the financial period from S\$1.1 million in 1H2015 to \$10,000 in 1H2016. This was mainly due to slow progress in one of the tunnelling projects while continuing to incur direct costs.

### Distribution and marketing

The company's did not incur significant distribution and marketing expenses during 1H2016.

### **Administrative expenses**

Administrative expenses for 1H2016 increased by S\$3.9 million compared with 1H2015. The administrative expenses of S\$8.3 million mainly comprised of accrual of expenses of S\$4.2 million relating to Scheme Creditors, depreciation of S\$0.9 million, salaries and related costs of S\$1.2 million, professional fees S\$1.5 million and other operating expenses.

### **Finance Expenses**

Financing expenses relates to interest expenses on borrowing costs.

### **Loss before income tax**

The Group incurred a loss before income tax of approximately S\$7.1 million in 1H2016, an increase of S\$5.2 million as compared to a loss before income tax of approximately S\$1.9 million in 1H2015.

### **Total loss after tax**

The Group incurred a net loss after tax of approximately S\$7.1 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.

#### **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, 7 September 2015. On 22 September 2015, the Company announced that it had, on 21 September 2015 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.

#### **Investment Property under Construction**

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 that 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. As a result the Company had to impair the value of the property and plant under construction’s which had a Net Book Value of S\$11.8 million as of 30 June 2015 to reflect the sale value of S\$3.5 million.

On 16 December 2015, the Company announced that on 14 December 2015, the Company was notified by the solicitors acting for UOB that JTC has rejected UOB’s application for the assignment of the Lease to the Buyer and that the sale and purchase of the Lease under the terms of the Option has been cancelled. The Company was further notified that the Lease will be put up for sale again. Nevertheless, the company has not reversed any of the provision for impairment previously made.

### Creditors Scheme of Arrangement

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 Arrangements proposed by the Company.

On 6 November 2015, the Company announced that, at the Court Meeting of the Company’s Creditors (as defined in the Scheme), the requisite majority of each of the two classes of the Company’s Creditors approved the Scheme proposed by the Company in accordance with section 210(1) of the Act. The Scheme obtained the approval of (i) a majority of 100% in number and 100% in value from Ong Hock Leong (being the first class of the Company’s Creditors), and (ii) a majority of 90% in number and 93.02% in value from the rest of the Company’s Creditors (being the second class of the Company’s Creditors) present and voting at the Court Meeting.

On 26 November 2015, the Company announced that that Court has, on 25 November 2015, approved the Scheme and granted the Order of Court. On 8 December 2015, the Company announced that on 2 December 2015 that it has lodged a copy of the Order of Court with the Registrar. As such, the Scheme took effect and is binding on all Creditors on and from 2 December 2015.

### Subscription Agreement

On 24 November 2015, the Company announced that the Company has on 23 November 2015 entered into a conditional subscription agreement (the “Subscription Agreement”)

with Singapore Infrastructure (Asia Pacific) Pte. Ltd. (the “Subscriber”) pursuant to which the Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed to subscribe and pay for, new ordinary shares in the capital of the Company (the “New Shares”) for an aggregate issue price of S\$8,025,000, on the terms and subject to the conditions of the Subscription Agreement. More details about the Subscription agreement can be obtained from the announcement dated 24 November 2015.

### General

The Company’s Building & Construction Authority’s (“BCA”) grading for Civil Engineering works has been revised from A1 to B1 as the Company did not meet the criteria relating to Financial Resources. The Company is working expeditiously towards regaining the A1 grading.

The unfulfilled order book of the Company is approximately S\$124 million as of 31 December 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 the second quarter and half year ended 31 December 2015.

- 13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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 Negative 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 unaudited financial statements for the second quarter and half year ended 31 December 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

Ong Hoi Lian  
Non-Executive Director

13 February 2016