

**SWEE HONG LIMITED**  
Company Registration No. 198001852R  
(Incorporated in the Republic of Singapore)  
(the “**Company**”)

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**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

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The board of directors (the “**Board**”) of Swee Hong Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement on the unaudited full year financial statements for the financial year ended 30 June 2017 released by the Company on SGXNet on 30 August 2017.

The Board wishes to announce and clarify material differences between the unaudited financial statements and audited financial statements for the financial year ended 30 June 2017. The material variances and the reasons for the material differences are set out in the explanatory notes below.

**Consolidated Statement of Comprehensive Income for financial year ended 30 June 2017**

Particulars	Unaudited \$’000	Audited \$’000	Variances \$’000	Note
Revenue	58,930	58,522	(408)	A
Cost of Works	51,084	51,010	(74)	B
Other Gains – Net	25,290	24,935	(355)	C
Administrative Expenses	2,892	2,611	(281)	D
Net Profit	30,195	29,787	(408)	E

The material audit adjustments and reclassifications are as below:

**Note**

- A** Revenue was reduced by \$0.41 million mainly due to reduction in revenue recognized under percentage of completion method on account of changes in cost incurred and budgeted costs.
- B** Cost of works reduced by \$0.07 million mainly due to reduction in accrual of expenses of \$0.11 million and increase in depreciation of \$0.04 million on plant and machinery.
- C** Other gains net decreased by \$0.35 million mainly due to the reinstatement of old liabilities.
- D** Administrative Expenses decreased by \$0.28 million mainly due to the reduction in impairment charges for plant and machinery of \$0.08 million and accruals for expenses of \$0.20 million.
- E** Net Profit decreased by approximately \$0.41 million on account of various reasons stated above in Notes A to D.

**Statements of Group Financial Position for financial year ended 30 June 2017:**

Particulars	Unaudited \$'000	Audited \$'000	Variations \$'000	Note
Trade and Other Receivables	25,822	27,480	1,658	F
Construction Contract Work In progress	922	477	(445)	G
Property Plant and Equipment	6,082	6,620	538	H
Trade and Other Payables	17,960	20,119	2,159	I
Total Equity	9,350	8,942	(408)	J

**Statements of Company Financial Position for financial year ended 30 June 2017:**

Particulars	Unaudited \$'000	Audited \$'000	Variations \$'000	Note
Trade and Other Receivables	25,847	27,504	1,657	F
Construction Contract Work In progress	922	477	(445)	G
Property Plant and Equipment	6,082	6,620	538	H
Trade and Other Payables	18,705	20,863	2,158	I
Total Equity	8,598	8,189	(409)	J

**Notes**

- F** Increase of \$1.66 million in trade and other receivables was mainly due to:
- Reclassification of GST Receivable-net of \$0.61 million from Trade and Other Payables;
  - Reclassification of advances to suppliers of \$1.44 million from Trade and Other Payables; and
  - Decrease in amount due from customers of \$0.40 million.
- G** Construction Contract work in progress decreased by approximately \$0.45 million due to capitalization of machinery spare parts of \$0.50 million and reduction in charge of consumables to cost of works of \$0.05 million.
- H** Increase in Property Plant and Equipment of approximately \$0.54 million was mainly due to:
- Capitalization of machinery spare parts of \$0.50 million;
  - Reduction in impairment charges on Property Plant and Equipment of approximately \$0.08 million; and
  - Increase in depreciation on plant and machinery of \$0.04 million.
- I** Increase of \$2.16 million in Trade and Other Payables was mainly due to:
- Reinstatement of liabilities of \$0.35 million;
  - Reclassification of GST Receivable-net to Trade and Other Receivables of approximately \$0.61 million;
  - Reclassification of advance to suppliers to Trade and Other Receivables of \$1.44 million approximately; and
  - Reduction in accrued operating expenses due to reduction in accruals / provisions of \$0.24 million approximately.

- J Net Equity reduced by \$0.41 million mainly due to reduction in profit of \$0.41 million as explained in Note E.

**Consolidated Statement of Cash Flows for financial year ended 30 June 2017:**

Particulars	Unaudited \$'000	Audited \$'000	Variances \$'000	Note
Net Cash Used in Operating Activities	(10,698)	(9,541)	(1,157)	L
Net Cash Provided by Investing activities	5,934	2,248	3,686	M
Net Cash Provided by Financing Activities	4,739	7,268	(2,529)	N

**Notes**

- L** Mainly due to changes in Trade and Other Payables and Trade and Other Receivables and reduction in Net Profit.
- M** Mainly due to reclassification of disposal of Property Plant and Equipment to repayment of borrowings and additions to Property Plant and Equipment.
- N** Mainly due to reclassification of disposal of Property Plant and Equipment to repayment of borrowings and reclassification of issuance of shares to Trade and Other Payables.

**BY ORDER OF THE BOARD**

Anil Dhanpatlal Agrawal  
Executive Director  
13 October 2017