SWEE HONG LIMITED AND ITS SUBSIDIARY CORPORATIONS

(Incorporated in the Republic of Singapore)
(Unique Entity No.: 198001852R)

ANNUAL REPORT (RESTATED)
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Peter Moe	(Appointed on 30 December 2015)
Teo Boon Tieng	(Appointed on 30 December 2015)
Anil Dhanpatlal Agrawal	(Appointed on 12 August 2016)
Harish Parameswar	(Appointed on 16 August 2016)
Moorthy Vardhan	(Appointed on 15 September 2017)
Yeo Junyu	(Appointed on 15 September 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Holdings registered in name of the director		Holdings in which director is deemed to have an interest	
	At 30.06.2015	At 01.07.2014 or date of appointment, if later	At 30.06.2015	At 01.07.2014 or date of appointment, if later
Company				
(No. of ordinary shares)				
Ong Hock Leong (1)(2)(3)	4,854,070	4,854,070	147,853,460	147,853,460
Ong Hoi Lian (3)(4)	23,054,070	23,054,070	147,329,650	147,329,650

The directors' interests in the ordinary shares of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

Directors' interests in shares or debentures (Cont'd)

Notes:

(1) SHEC Holdings Pte. Ltd. holds 147,329,650 shares in the Company. Ong Hock Leong and Ong Hoi Lian hold 20% each of the issued share capital of SHEC Holdings Pte. Ltd.. As they hold not less than 20% of the issued share capital in SHEC Holdings Pte. Ltd., they are therefore deemed to have an interest in the shares held by SHEC Holdings Pte. Ltd. pursuant to Section 7 of the Companies Act.

(2) The Estate of Ong Whay Yeow holds 7,333,340 shares in the Company. Ong Whay Yeow passed away intestate on 29 April 1989. Under the Intestate Succession Act, Cap. 146, the beneficiaries under his estate are his spouse, Madam Ang Siew Kee (deceased on 18 August 2014) and his children, amongst which includes, Ong Hock Leong. Each of them is therefore deemed to have an interest held in the name of the Estate of Ong Whay Yeow. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow.

(3) Ceased to act as director due to bankruptcy order made against Ong Hock Leong on 18 February 2016

(4) Appointed on 5 January 2015 and resigned on 2 September 2016

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

At the start of the financial year ended 30 June 2015, the Audit Committee comprised of the Company's previous Independent Directors, Mr Chee Tet Choy Andy, Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence. Pursuant to the retirements of Mr Sim Chee Siong and Mr Chen Kee Yeong Lawrence as Directors of the Company at the Company's last annual general meeting on 31 October 2014 and the resignation of Mr Chee Tet Choy Andy on 10 November 2014 (collectively, the "ID Cessations"), the Company, as at the date of this Annual Report, does not have any Independent Directors. Following the ID Cessations, the Company had immediately commenced searches for potential candidates to fill the vacated positions, however, as announced via SGXNET on 20 October 2015, the Company has been unsuccessful to date in part due to such potential candidates' concerns about the financial position and outlook of the Company. As announced via SGXNET on 20 October 2015, the Singapore Exchange Securities Trading Limited (the "SGX-ST") had, inter alia, granted to the Company an extension of time for the appointment of at least two new Independent Directors by 31 December 2015.

The Company does not have independent directors at the end of the financial year.

Audit Committee (Cont'd)

Prior to ID Cessation, the Audit Committee carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, SGX-ST Listing Manual and the Code of Corporate Governance which include the following:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

As at 30 June 2015, the Board comprised the executive director, Mr. Ong Hock Leong (Managing Director/Group CEO) and non-executive director, Mr. Ong Hoi Lian.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

……………………………………….
Anil Dhanpatal Agrawal
Director

……………………………………….
Teo Boon Tieng
Director

29 September 2017

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 8 to 75 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2015 and of the results of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

....
Anil Dhanpatal Agrawal
Director

....
Teo Boon Tieng
Director

29 September 2017

Independent Auditor's Report to the Members of Swee Hong Limited

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Swee Hong Limited (the "Company") and its subsidiary corporations (collectively referred to as the "Group") set out on pages 8 to 75, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The following circumstances give rise to uncertainties as to the appropriateness of the use of going concern in the preparation of the financial statements of the Group for the current year:

(a) As disclosed in Note 4 to the financial statements, the Group reported a gross loss of $5,014,178 (2014: $7,627,589) and total comprehensive loss of $39,698,658 (restated) (2014: $31,603,732 (restated)) for the financial year ended 30 June 2015. Furthermore, as at 30 June 2015, the Group's and Company's current liabilities exceeded their current assets by $46,973,165 (2014: $15,414,546) and $47,766,403 (2014: $16,218,994), respectively and the Group and Company have net liabilities of $34,716,966 (2014: net assets of $4,981,692 (restated)) and $34,908,198 (2014: net assets of $4,846,056 (restated)), respectively.

(b) As at 30 June 2015, the Group has balances of trade and other payables and borrowings amounting to $25,352,461 and $43,037,876, respectively which are overdue. As the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. As disclosed in Note 4 to the financial statements, during the financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

Independent Auditor's Report to the Members of Swee Hong Limited (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

These conditions above indicate that there is an existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, the financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken by management and the Board of Directors:

i) As disclosed in Note 31(a), the successful implementation of the Scheme of Arrangement.

ii) As disclosed in Note 31(c), the disposal of leasehold land and leasehold building under construction for a sales price amounting to $3,550,000.

iii) As disclosed in Note 31(d), the proposed share placement for an aggregate issue price of $8,025,000.

iv) The Company is currently marketing for sale its office building located at 190A/190C Choa Chu Kang Avenue 1, Singapore 689466 to generate funds for the Scheme.

v) With the successful outcome of the above measures, the Company expects to bid for potential new projects in the next twelve months.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets to current assets and non-current liabilities to current liabilities. The financial statements do not include any adjustment which may arise from these uncertainties.

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due depends on the favourable outcome of the assumptions and measures undertaken as disclosed above which we were unable to obtain sufficient appropriate audit evidence regarding the likely outcome of these assumptions and measures. Therefore, we are not able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Group and the Company is appropriate.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 32 to the financial statements which describe the restatement and reissuance of financial statements due to change in measurement of investment property under construction as at the balance sheet date. We issued our auditor's report dated 7 December 2015 on the previously issued financial statements. Due to the restatement described in Note 32, we provide this new auditor's report on the reissued financial statements. Our procedures on subsequent events are restricted solely to the amendment of the financial statements as described in Note 32.

Other Matters

As at the financial year ended 30 June 2015, the Board comprised the executive director, Mr. Ong Hock Leong (Managing Director/Group CEO) and non-executive director, Mr. Ong Hoi Lian and no independent non-executive directors. In accordance with Singapore Exchange Securities Trading Limited (the "SGX-ST") Mainboard Listing Manual Rule 720, the issuer must comply with Rule 210 (5) on a continuing basis. Rule 210(5)(c) indicates that "The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer.".

The Company also failed to comply in relation to the Rule 705(1) for the announcement of the Company's financial statements for the financial year ended 30 June 2015 and Rule 707(1) for the convening of the Annual General Meeting for the financial year ended 30 June 2015.

On 25 August 2015, the Company had submitted an application to SGX-ST for waiver from compliance of the above mentioned rules of the Listing Manual and extension of time to 31 December 2015 for the Company to comply with the above mentioned Rules. On 19 October 2015, the Company received an approval from SGX-ST subject to certain conditions, which the Company has complied with.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Lee Look Ling
(Appointed since financial year ended 30 June 2013)

Singapore

29 September 2017

	Note	2015 $ (Restated)	2014 $ (Restated)
Continuing operations			
Revenue	5	22,121,189	31,369,123
Cost of works		(27,135,367)	(38,996,712)
Gross loss		(5,014,178)	(7,627,589)
Other gains/ (losses) – net	6	361,192	(11,427,443)
Expenses			
- Distribution and marketing		(39,187)	(448,334)
- Administrative		(14,563,597)	(11,973,426)
- Finance	9	(72,692)	(169,238)
		(19,328,462)	(31,646,030)
Share of loss of associated company		(133,194)	(66,806)
Loss before income tax		(19,461,656)	(31,712,836)
Income tax credit	10	17,000	93,682
Net loss from continuing operations		(19,444,656)	(31,619,154)
Discontinued operations			
Loss from discontinued operations, net of tax	11	(20,224,109)	-
Total loss		(39,668,765)	(31,619,154)
Other comprehensive (loss)/ income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains		24,829	15,470
- Reclassification		(53,442)	-
Currency translation differences arising from consolidation			
- Losses		(1,280)	(48)
Other comprehensive (loss)/ income, net of tax		(29,893)	15,422
Total comprehensive loss		(39,698,658)	(31,603,732)
Net loss attributable to:			
Equity holders of the Company		(39,668,765)	(31,619,154)
Total comprehensive loss attributable to:			
Equity holders of the Company		(39,698,658)	(31,603,732)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
- For continuing operations	12	(5.28)	(8.58)
- For discontinued operations	12	(5.49)	-

The accompanying notes form an integral part of these financial statements

		Group		Company	
		2015	2014	2015	2014
	Note	$	$	$	$
			(Restated)		(Restated)
ASSETS					
Current assets					
Cash and cash equivalents	13	3,193,507	735,501	3,154,894	696,858
Trade and other receivables	14	15,146,907	21,410,776	15,153,674	21,416,843
Construction contract work-in-progress	15	168,557	379,833	168,557	379,833
		18,508,971	22,526,110	18,477,125	22,493,534
Discontinued operations and assets classified as held-for-sale	11	32,906,863	-	32,906,863	-
		51,415,834	22,526,110	51,383,988	22,493,534
Non-current assets					
Available-for-sale financial assets	16	288,447	366,234	288,447	366,234
Investment in subsidiary corporations	17	-	-	602,006	602,006
Investment in associated company	18	-	133,194	-	200,000
Property, plant and equipment	19	12,005,272	21,034,151	12,005,272	21,034,151
Investment property under construction	20	-	7,400,000	-	7,400,000
		12,293,719	28,933,579	12,895,725	29,602,391
Total assets		63,709,553	51,459,689	64,279,713	52,095,925
LIABILITIES					
Current liabilities					
Trade and other payables	21	53,008,795	30,542,491	53,770,187	31,314,363
Borrowings	22	43,066,316	7,398,165	43,066,316	7,398,165
		96,075,111	37,940,656	96,836,503	38,712,528
Liabilities directly associated with assets classified as held-for-sale	11	2,313,888	-	2,313,888	-
		98,388,999	37,940,656	99,150,391	38,712,528
Non-current liabilities					
Borrowings	22	37,520	8,537,341	37,520	8,537,341
Total liabilities		98,426,519	46,477,997	99,187,911	47,249,869
NET (LIABILITIES)/ ASSETS		(34,716,966)	4,981,692	(34,908,198)	4,846,056

The accompanying notes form an integral part of these financial statements

		Group		Company	
		2015	2014	2015	2014
	Note	$	$	$	$
			(Restated)		(Restated)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	28,579,529	28,579,529	28,579,529	28,579,529
Other reserves	25	132,226	162,119	133,689	162,302
Accumulated losses	26	(63,428,721)	(23,759,956)	(63,621,416)	(23,895,775)
TOTAL EQUITY		(34,716,966)	4,981,692	(34,908,198)	4,846,056

The accompanying notes form an integral part of these financial statements

	Share capital **$**	**(Accumulated losses)/ retained profits** **$**	**Other reserves** **$**	**Total equity** **$**
Group				
2015 (Restated)				
Beginning of financial year				
- As previously reported	28,579,529	(12,122,498)	162,119	16,619,150
- Adjustments	-	(11,637,458)	-	(11,637,458)
	28,579,529	(23,759,956)	162,119	4,981,692
Total comprehensive loss for the year				
- As previously reported	-	(51,306,223)	(29,893)	(51,336,116)
- Adjustments	-	11,637,458	-	11,637,458
	-	(39,668,765)	(29,893)	(39,698,658)
End of financial year	28,579,529	(63,428,721)	132,226	(34,716,966)
2014 (Restated)				
Beginning of financial year	28,579,529	7,859,198	146,697	36,585,424
Total comprehensive (loss)/income for the year				
- As previously reported	-	(19,981,696)	15,422	(19,966,274)
- Adjustments	-	(11,637,458)	-	(11,637,458)
	-	(31,619,154)	15,422	(31,603,732)
End of financial year	28,579,529	(23,759,956)	162,119	4,981,692

The accompanying notes form an integral part of these financial statements

	2015 $ (Restated)	2014 $ (Restated)
Cash flows from operating activities		
Net loss	(39,668,765)	(31,619,154)
Adjustments for:		
- Income tax credit	(17,000)	(93,682)
- Depreciation and impairment of property, plant and equipment	10,591,918	2,561,231
- Fair value loss on investment property under construction	-	11,637,458
- Gain on disposal of property, plant and equipment	(30,000)	(9,586)
- Gain on disposal of associated company	(4)	-
- Re-measurement of assets classified as held-for-sale to fair value less cost to sell	14,945,814	-
- Gain on disposal of available-for-sale financial assets - net	(51,639)	-
- Interest income	(218)	(48,051)
- Dividend income	(4,824)	(7,824)
- Finance expenses	72,692	169,238
- Share of loss of associated company	133,194	66,806
- Unrealised currency translation gains - net	(1,280)	(48)
	(14,030,112)	(17,343,612)
Change in working capital:		
- Construction contract work-in-progress	211,276	(140,795)
- Trade and other receivables	2,770,047	6,949,645
- Trade and other payables	24,780,191	14,903,945
Cash flows generated from operations	13,731,402	4,369,183
Interest received	218	48,051
Interest paid	(692)	(106,687)
Income tax refund	17,000	418,061
Net cash provided by operating activities	13,747,928	4,728,608
Cash flows from investing activities		
Additions to property, plant and equipment	(1,911,876)	(6,706,986)
Additions to investment property under construction	(36,610,018)	(19,037,458)
Purchase of available-for-sale financial assets	(4,061)	-
Disposal/ (acquisition) of associated company	4	(200,000)
Disposal of property, plant and equipment	30,000	57,336
Disposal of available-for-sale financial assets	104,874	-
Dividends received	4,824	7,824
Net cash provided by operating activities	(38,386,253)	(25,879,284)

	2015 $ (Restated)	2014 $ (Restated)
Cash flows from financing activities		
Bank deposits released	303,500	-
Repayment of finance lease liabilities	(1,479,513)	(2,137,723)
Proceeds from borrowings	32,673,896	21,225,819
Repayment of borrowings	(3,190,508)	(12,004,387)
Interest paid	(85,273)	(62,551)
Net cash provided by financing activities	28,222,102	7,021,158
Net increase/ (decrease) in cash and cash equivalents	3,583,777	(14,129,518)
Cash and cash equivalents		
Beginning of financial year	(418,710)	13,710,808
End of financial year (Note 13)	3,165,067	(418,710)

The accompanying notes form an integral part of these financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The restatement financial statements of the Group and the Company for the financial year ended 30 June 2015 were authorised for issue in accordance with resolution of the directors on 29 September 2017.

1 General information

Swee Hong Limited (the “Company”) is listed on the Main Board of SGX-ST on 23 May 2012 and incorporated and domiciled in the Republic of Singapore. The address of its registered office and place of business is 190A Choa Chu Kang Avenue 1, Comfort Garden, Singapore 689466.

The principal activities of the Company are building construction and investment holding. The principal activities of the subsidiary corporations are set out in Note 17.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 and Note 4.

Interpretations and amendments to published standards effective in 2015

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprise of the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Revenue are presented, net of goods and services tax, rebates and discounts, and after eliminating revenue within the Group.

2 Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Revenue from civil engineering and tunnelling*

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.7.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(i) Consolidation (Cont'd)

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporations, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(a) *Subsidiary corporations (Cont'd)*

(iii) *Disposals (Cont'd)*

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company," for the accounting policy on investments in subsidiary corporation in the separate financial statements of the Company.

(b) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2 Significant accounting policies (Cont'd)

2.4 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(iii) Disposals

Investments in associated companies are derecognised when the Group losses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold buildings	43 years
Leasehold land	16 years
Plant and machinery	10 years
Office equipment	3 to 10 years
Motor vehicles	5 years
Renovation	5 years

Building under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2 Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation (Cont'd)

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

2 Significant accounting policies (Cont'd)

2.7 Construction contracts (Cont'd)

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "Trade and other payables".

Progress billing not yet paid by customers and retention by customer are included within "trade and other receivables". Advances received are included within "Trade and other payables".

2.8 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiary corporations and associated company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 Significant accounting policies (Cont'd)

2.10 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations and associated company

Property, plant and equipment and investments in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" and "Cash and cash equivalents" on the balance sheet.

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(a) Classification (Cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sales financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial sales are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

2 Significant accounting policies (Cont'd)

2.11 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(i) Loans and receivables (Cont'd)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2 Significant accounting policies (Cont'd)

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

(a) Where the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases and dormitory for workers, land and equipment under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) Where the Group is the lessor:

The Group leases investment properties under operating leases to non-related parties.

2 Significant accounting policies (Cont'd)

2.16 Leases (Cont'd)

(b) Where the Group is the lessor: (Cont'd)

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.17 Income taxes

Current income tax for current and prior period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business is adjusted against goodwill on acquisition.

2 Significant accounting policies (Cont'd)

2.17 Income taxes (Cont'd)

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for further operating losses.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contributions plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

2 Significant accounting policies (Cont'd)

2.20 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains- net"

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency that are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2 Significant accounting policies (Cont'd)

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factor including expectations of future events that are believed to be reasonable under circumstances.

(a) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

Significant assumptions are required to determine the stage of completion, the extent of the contract costs incurred the estimated total contract revenue and contract cost, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making judgement, the Group evaluates by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 5% from management's estimates, the Group's revenue would have been higher/lower by $9,298,022 (2014: $1,094,887).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 5% from management's estimates, the Group's loss before tax would have been higher/lower by $9,364,417 (2014: $1,196,999).

3 Critical accounting estimates, assumptions and judgements (Cont'd)

(b) *Estimated impairment of property, plant and equipment*

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that the property, plant and equipment may be impaired.

The recoverable amounts of property, plant and equipment, where applicable, cash-generating-unit ("CGU"), have been determined based on higher of the fair value less costs to sell. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

An impairment loss of $8,338,988 (2014: $215,955) was recognised in the current financial year ended 30 June 2015 as the fair values less cost to sell valued by independent third party valuer are lower than their carrying amounts.

If the market value of the property, plant and equipment increase/decrease by 12% (2014: 12%) from management's estimates, the Group's and Company's impairment loss will decreased/ increased by $19,386/$253,909 (2014: $33,268/$39,051) correspondingly to profit or loss.

(c) *Impairment of trade receivables and construction contracts amount due from customers*

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments and inability of the suppliers to deliver the goods. If the financial conditions of the customers and suppliers were to deteriorate, resulting in an impairment of their ability to make payments and deliver the goods, additional allowances may be required in future periods. Management generally evaluate the adequacy of allowance for impairment for trade receivables and construction contracts amount due from customers through analysis of historical bad debt, customer and supplier concentrations, and changes in customer payment terms.

Management reviews its trade receivables and construction contracts amount due from customers for objective evidence of impairment at least annually. Significant financial difficulties of the debtor and supplier, the probability that the debtor and supplier will enter bankruptcy, and default or significant delay in payments and deliveries are considered objective evidence that a receivable or construction contracts amount due from customers is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor and supplier operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss. The carrying amounts of trade and other receivables at the balance sheet date are disclosed in Note 14.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due receivables and construction contracts amount due from customers, the Group's and Company's allowance for impairment will decrease/increase by $127,909/$21,497 and $668,509/$55,584 (2014: $56,910/$15,892 and $734,849/$354,766) for trade receivables and construction contracts amount due from customers respectively.

4 Going concern assumption

The Group reported a gross loss of $5,014,178 (2014: $7,627,589) and total comprehensive loss of $39,698,658 (restated) (2014: $31,603,732 (restated)) for the financial year ended 30 June 2015. Furthermore, as at 30 June 2015, the Group's and Company's current liabilities exceeded their current assets by $46,973,165 (2014: $15,414,546) and $47,766,403 (2014: $16,218,994), respectively and the Group and Company have net liabilities of $34,716,966 (2014: net assets of $4,981,692 (restated)) and $34,908,198 (2014: net assets of $4,846,056 (restated)), respectively.

As at 30 June 2015, the Group has balances of trade and other payables and borrowings amounting to $25,352,461 and $43,037,876, respectively which are overdue. As the Company failed to meet their financial obligations on their respective due dates, certain creditors filed legal actions/proceedings to the High Court of the Republic of Singapore (the "Court") against the Company to demand payments. During the financial year, the Company filed an application to the Court ("Application") to propose a scheme of arrangement between the Company and certain of its creditors ("Scheme") for the purposes of implementing and facilitating the Company's debt restructuring plan. On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

These conditions above indicate that there is an existence of material uncertainties which may cast significant doubt on the Group's and Company's abilities to continue as going concerns. Nevertheless, these financial statements are prepared on a going concern basis because of the following assumptions and measures undertaken by management and the Board of Directors:

i) As disclosed in Note 31(a), the successful implementation of the Scheme of Arrangement.

ii) As disclosed in Note 31(c), the disposal of leasehold land and leasehold building under construction for a sales price amounting to $3,550,000.

iii) As disclosed in Note 31(d), the proposed share placement for an aggregate issue price of $8,025,000.

iv) The Company is currently marketing for sale its office building located at 190A/190C Choa Chu Kang Avenue 1, Singapore 689466 to generate funds for the Scheme.

v) With the successful outcome of the above measures, the Company expects to bid for potential new projects in the next twelve months.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets to current assets and non-current liabilities to current liabilities. The financial statements do not include any adjustment which may arise from these uncertainties.

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due depends on the favourable outcome of the assumptions and measures undertaken as disclosed above.

5 Revenue

	Group 2015 $	Group 2014 $
Revenue from civil engineering	15,793,855	19,938,469
Revenue from tunnelling	6,327,334	11,430,654
	22,121,189	31,369,123

6 Other gains/ (losses) – net

	Group 2015 $	Group 2014 $ (Restated)
Currency translation gains/ (losses) - net	7,857	(11,075)
Dividend income	4,824	7,824
Fair value loss recognised on investment property under construction (Note 20)	-	(11,637,458)
Gain on disposal of associated company	4	-
Gain on disposal of property, plant and equipment	30,000	9,586
Available-for-sale financial assets		
- Gain on disposal	105,081	-
- Reclassification from other comprehensive income on disposal (Note 25(b)(i))	(53,442)	-
	51,639	-
Bank interest income	218	48,051
Government grant:		
- CEB Builder	-	77,500
- MEC Scheme Disbursement	77,429	-
- Special Employment Credit	14,870	-
- Productivity and Innovation Scheme	-	15,000
- Wages Credit Scheme	95,980	47,379
Other income	78,371	15,750
	361,192	(11,427,443)

7 Expenses by nature

	Group 2015 $	Group 2014 $ (Restated)
Purchase of materials	4,484,564	6,447,338
Audit fees paid/payable to:		
- Auditor of the Company	85,000	90,000
- Other auditor	-	30,000
Total audit fees	85,000	120,000
Fees paid/payable to auditor of the Company for non-audit services	11,800	6,900
Depreciation of property, plant and equipment (Note 19)	2,252,930	2,345,276
Impairment loss on property, plant and equipment (Note 19)	8,338,988	215,955
Employee compensation (Note 8)	8,609,400	10,959,524
Worksite expenses	4,577,545	7,706,267
(Write back)/ allowance for impairment of construction contracts amount due from customers (Note 29(b)(ii))	(555,840)	3,547,659
Allowance for impairment of trade receivables (Note 29(b)(ii))	56,045	158,921
Sub-contractors charges	9,919,061	16,643,074
Professional fees	1,602,000	167,650
Upkeep and maintenance for motor vehicles and offices	92,547	158,718
Other expenses	2,264,111	2,941,190
Total cost of works, distribution and marketing costs and administrative expenses	41,738,151	51,418,472

8 Employee compensation

	Group 2015 $	Group 2014 $
Wages and salaries	7,671,005	9,896,816
Employer's contribution to defined contribution plans including Central Provident Fund	543,457	608,385
Other benefits	394,938	454,323
	8,609,400	10,959,524

9 Finance expenses

	Group	
	2015	2014
	$	$
Interest expense:		
- Finance lease liabilities	12,581	35,209
- Bank borrowings	60,111	134,029
	72,692	169,238

Borrowing costs of $461,838 (2014: $Nil) were capitalised as cost of the investment property under construction.

10 Income tax credit

	Group	
	2015	2014
	$	$
Tax credit attributable to loss is made up of:		
- Overprovision in prior years		
From continuing operations		
Current income tax	(17,000)	(93,682)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	$	$
Loss before income tax		
- Continuing operations	(19,461,656)	(31,712,836)
- Discontinued operations	(20,224,109)	-
Loss before income tax	(39,685,765)	(31,712,836)
Share of loss of associated company, net of tax	133,194	66,806
	(39,552,571)	(31,646,030)
Tax calculated at tax rate of 17% (2014: 17%)	(6,723,937)	(5,379,825)
Effects of:		
- Expenses not deductible for tax purposes	4,088,680	2,256,467
- Income not subject for tax purposes	(1,733)	(25,410)
- Deferred tax assets not recognised	2,636,990	3,148,768
	-	-

10 Income tax credit (Cont'd)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unutilised tax losses of $42,800,000 (2014: $27,300,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in Singapore.

There is no deferred tax assets recognised as it is not probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

11 Discontinued operations and assets classified as held-for-sale

Details of the discontinued operations and assets classified as held-for-sale are as follows:

	Group and Company 2015 $
Disposal group (Note 11(a)(iii))	32,558,026
Asset classified as held-for-sale (Note 11(b))	348,837
	32,906,863

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

On 11 June 2015, the Company has entered into a sale and purchase agreement with a third party for the sale of the investment property under construction ("dormitory"). The transaction was completed on 16 July 2015.

The results for the financial year ended 30 June 2015 from the dormitory are presented on the statement of comprehensive income as "Discontinued operations". The carrying amount of the investment property under construction and other receivables are presented on the balance sheet as "Discontinued operations and assets classified as held-for-sale".

11 Discontinued operations and assets classified as held-for-sale (Cont'd)

(a) Discontinued operations and asset classified as held-for-sale (Cont'd)

(i) The results of the discontinued operations is as follows:

	Group 2015 $ (Restated)
Revenue	5,049,013
Expenses *	(25,273,122)
Loss before and after tax from discontinued operations	(20,224,109)
Loss attributable to the equity holders of the Company relates to:	
- Loss from continuing operations	(19,444,656)
- Loss from discontinued operations	(20,224,109)
	(39,668,765)

* Included in the above expenses is re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell recognised to profit or loss during the financial year of $14,945,814.

(ii) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group 2015 $ (Restated)
Operating cash outflows	11,347,577
Investing cash outflows	(36,610,018)
Total cash outflows	(25,262,441)

(iii) Details of the assets of disposal group classified as held-for-sale are as follows:

	Group and Company 2015 $
Investment property under construction (Note 20)	29,064,204
Other receivables	3,493,822
	32,558,026

11 Discontinued operations and assets classified as held-for-sale (Cont'd)

(a) Discontinued operations and asset classified as held-for-sale (Cont'd)

(iv) Details of the liabilities directly associated with assets of disposal group classified as held-for-sale are as follows:

	Group and Company 2015 $
Other payables	2,313,888

The assets of disposal group classified as held-for-sale and liabilities directly associated with assets of disposal group classified as held-for-sale were written down to their fair value less cost to sell of $30,244,138. This is a non-recurring fair value which has been measured using observable inputs, being the prices for recent sales, and is therefore within Level 2 of the fair value hierarchy.

(b) Asset classified as held-for-sale

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore to propose a scheme of arrangement between the Company and certain of its creditors for the purposes of implementing and facilitating the Company's debt restructuring plan. In the debt restructuring plan, the management has indicated its intention to dispose its leasehold building to finance the Group's operations. The carrying amount of the leasehold building is presented on the balance sheet as "Discontinued operations and assets classified as held-for-sale".

Details of the asset classified as held-for-sale are as follows:

	Group and Company 2015 $
Property, plant and equipment – leasehold building	348,837

12 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average numbers of ordinary shares outstanding during the financial year.

	Group	
	2015 (Restated)	2014 (Restated)
Net loss attributable to equity holders of the Company ($)		
- Loss from continuing operations	(19,444,656)	(31,619,154)
- Loss from discontinued operations	(20,224,109)	-
	(39,668,765)	(31,619,154)

12 Loss per share (Cont'd)

	Group	
	2015 (Restated)	**2014 (Restated)**
Weighted average number of ordinary shares outstanding for basic loss per share	368,500,000	368,500,000
Basic and diluted loss per share (cents per share)		
- For continuing operations	(5.28)	(8.58)
- For from discontinued operations	(5.49)	-

13 Cash and cash equivalents

	Group		Company	
	2015 $	**2014 $**	**2015 $**	**2014 $**
Cash at bank and on hand	3,193,507	430,404	3,154,894	391,761
Short-term bank deposits	-	305,097	-	305,097
	3,193,507	735,501	3,154,894	696,858

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

	Group	
	2015 $	**2014 $**
Cash and bank balances (as above)	3,193,507	735,501
Less: Bank deposit pledged	-	(303,500)
Less: Bank overdraft (Note 22)	(28,440)	(850,711)
Cash and cash equivalents per consolidated statement of cash flows	3,165,067	(418,710)

Short-term bank deposit amounting to $Nil (2014: $303,500) have been pledged to financial institution as security for financial facilities.

14 Trade and other receivables

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Trade receivables	1,494,054	2,428,512	1,494,054	2,428,512
Less: Allowance for impairment (Note 29(b)(ii))	(214,966)	(158,921)	(214,966)	(158,921)
Trade receivables - net	1,279,088	2,269,591	1,279,088	2,269,591
Construction contracts:				
- Due from customers (Note 15)	11,197,970	20,958,218	11,197,970	20,958,218
- Less: Allowance for impairment (Note 29(b)(ii))	(5,332,925)	(5,888,765)	(5,332,925)	(5,888,765)
- Due from customers - net	5,865,045	15,069,453	5,865,045	15,069,453
- Retention sum (Note 15)	820,054	460,999	820,054	460,999
	6,685,099	15,530,452	6,685,099	15,530,452
Non-trade receivables				
- Subsidiary corporation	-	-	6,767	6,767
- Non-related parties	262,868	653,736	262,868	653,736
	262,868	653,736	269,635	660,503
Advances to suppliers	6,548,300	1,280,752	6,548,300	1,280,752
Deposits	354,362	206,616	354,362	206,616
Prepayments	17,190	1,469,629	17,190	1,468,929
	15,146,907	21,410,776	15,153,674	21,416,843

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

15 Construction contracts work-in-progress

	Group and Company	
	2015	2014
	$	$
Construction contract work-in-progress:		
Beginning of financial year	379,833	239,038
Contract costs incurred	26,924,091	39,107,507
Contract expenses recognised in profit or loss	(27,135,367)	(38,966,712)
End of financial year	168,557	379,833
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	343,448,987	321,687,008
Less: Progress billings	(337,800,548)	(305,466,514)
	5,648,439	16,220,494
Presented as:		
Due from customers on construction contracts (Note 14)	11,197,970	20,958,218
Due to customers on construction contracts (Note 21)	(5,549,531)	(4,737,724)
	5,648,439	16,220,494
Retentions on construction contracts (Note 14)	820,054	460,999

16 Available-for-sale financial assets

	Group and Company	
	2015	2014
	$	$
Beginning of financial year	366,234	350,764
Additions	4,061	-
Fair value gains recognised in other comprehensive income (Note 25)	24,829	15,470
Disposals	(106,677)	-
End of financial year	288,447	366,234
Available-for-sale financial assets are analysed as follows:		
Listed securities		
- Equity securities - Singapore	288,447	366,234

17 Investment in subsidiary corporations

	Company 2015 $	Company 2014 $
Equity investment at cost		
Beginning of financial year	602,006	600,006
Additions	-	2,000
End of financial year	602,006	602,006

The Group had the following subsidiary corporations as at 30 June 2015 and 2014:

Name of Subsidiary Corporations	Principal Activities	Country of Business/ Incorporation	Proportion of ordinary shares held directly by parent 2015 %	2014 %
Sun Hup Development Pte Ltd (1)	Property developer and provider of general services (dormant)	Singapore	100	100
Swee Hong HK Pte Limited (2)	Civil engineering and trenchless tunnelling (dormant)	Hong Kong	100	100
Swee Hong Dormitories Pte Ltd (1)	Development and operation of dormitories (dormant)	Singapore	100	100
Swee Hong Construction Pte Limited (1)	Building construction (dormant)	Singapore	100	100

(1) Reviewed by Nexia TS Public Accounting Corporation for consolidation purposes.
(2) Audited by Alfred K. Wong & Company for local statutory purposes.

18 Investment in associated company

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Equity investment at cost				
Beginning of financial year			200,000	-
Additions			-	200,000
Disposals			(200,000)	-
End of financial year			-	200,000
Beginning of financial year	133,194	-		
Additions	-	200,000		
Share of losses	(133,194)	(66,806)		
End of financial year	-	133,194		

18 Investment in associated company (Cont'd)

The Group has disposed its interest in the associated company on 3 June 2015.

Set out below was the associated company of the Group as at 30 June 2014, which, in the opinion of the directors was material to the Group as at 30 June 2014. The associated company as listed below had share capital consisting solely of ordinary shares, which were held directly by the Group; the country of incorporation was also their principal place of business.

Name of Associated Company	Principal Activities	Country of Business/ Incorporation	% of ownership interest 2015 %	2014 %
United Singapore Builders Pte Ltd (1)	Construction	Singapore	-	20

(1) Audited by Nexia TS Public Accounting Corporation.

In 2014, there were no contingent liabilities relating to the Group's interest in the associated company.

Summarised financial information for associated company

Set out below is the summarised financial information of United Singapore Builders Pte Ltd.

Summarised balance sheet

	United Singapore Builders Pte Ltd As at 30 June 2015 $	2014 $
Current assets	-	457,015
Includes:		
- Cash and cash equivalents	-	457,015
Current liabilities	-	(36,343)
Includes:		
- Financial liabilities (excluding trade payables)	-	(36,343)
Net assets	-	420,672

18 Investment in associated company (Cont'd)

Summarised statement of comprehensive income

	United Singapore Builders Pte Ltd For the year ended 30 June	
	2015	**2014**
	$	**$**
Revenue	-	-
Loss from operations	(748,745)	(334,032)
Total comprehensive loss	(748,745)	(334,032)

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

	United Singapore Builders Pte Ltd As at 30 June	
	2015	**2014**
	$	**$**
Net assets at 1 July	420,672	754,704
Loss for the year	(748,745)	(334,032)
At 30 June	(328,073)	420,672
Interest in associated company (20%)	(65,615)	84,134
Other adjustments	65,615	49,060
	-	133,194

The Group has not recognised its share of losses of an associated company amounting to $16,555 (2014: $Nil) because the cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses.

19 Property, plant and equipment

Group and Company	Building under construction $	Leasehold building $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2015								
Cost								
Beginning of financial year	8,742,219	750,000	2,076,000	17,474,570	1,578,212	3,501,530	328,436	34,450,967
Additions	1,847,544	-	-	19,900	19,300	25,132	-	1,911,876
Disposals	-	-	-	(185,000)	-	-	-	(185,000)
Reclassified to asset classified as held-for-sale	-	(750,000)	-	-	-	-	-	(750,000)
End of financial year	10,589,763	-	2,076,000	17,309,470	1,597,512	3,526,662	328,436	35,427,843
Accumulated depreciation and impairment losses								
Beginning of financial year	-	383,721	647,719	8,110,319	1,263,729	2,711,492	299,836	13,416,816
Depreciation charge	-	17,442	129,844	1,627,278	118,719	348,794	10,853	2,252,930
Disposals	-	-	-	(185,000)	-	-	-	(185,000)
Impairment charge	7,430,320	-	907,880	788	-	-	-	8,338,988
Reclassified to asset classified as held-for-sale	-	(401,163)	-	-	-	-	-	(401,163)
End of financial year	7,430,320	-	1,685,443	9,553,385	1,382,448	3,060,286	310,689	23,422,571
Net book value								
End of financial year	3,159,443	-	390,557	7,756,085	215,064	466,376	17,747	12,005,272

19 Property, plant and equipment (Cont'd)

Group and Company	Building under construction $	Leasehold building $	Leasehold land $	Plant and machinery $	Office equipment $	Motor vehicles $	Renovation $	Total $
2014								
Cost								
Beginning of financial year	3,072,301	750,000	2,076,000	16,115,089	1,532,232	3,367,743	312,616	27,225,981
Additions	5,669,918	-	-	1,474,981	45,980	143,787	15,820	7,350,486
Disposals	-	-	-	(115,500)	-	(10,000)	-	(125,500)
End of financial year	8,742,219	750,000	2,076,000	17,474,570	1,578,212	3,501,530	328,436	34,450,967
Accumulated depreciation and impairment losses								
Beginning of financial year	-	366,279	517,875	6,332,252	1,143,943	2,291,072	281,914	10,933,335
Depreciation charge	-	17,442	129,844	1,629,862	119,786	430,420	17,922	2,345,276
Disposals	-	-	-	(67,750)	-	(10,000)	-	(77,750)
Impairment charge	-	-	-	215,955	-	-	-	215,955
End of financial year	-	383,721	647,719	8,110,319	1,263,729	2,711,492	299,836	13,416,816
Net book value								
End of financial year	8,742,219	366,279	1,428,281	9,364,251	314,483	790,038	28,600	21,034,151

(a) On 11 November 2011, the Company entered into a Building Agreement with a government authority for a plot of leasehold land (the "Lease") with carrying amount of $390,557 (2014: $1,428,281). One of the terms and conditions of Lease is to complete the construction of factory facilities stipulated in the agreement by 31 August 2014. As the construction works are unable to complete by targeted completion date, the Company has applied for extension on construction period and subject to the approval of government authority. The carrying amount of the building under construction as at 30 June 2015 amounting to $3,159,443 (2014: $8,742,219). Leasehold land and building under construction of the Group was provided as security for bank borrowings (Note 22). On 6 October 2015, the Company was notified by the solicitors acting for a certain financial institution that an option to purchase the Lease over all the piece of land and the building under construction granted by the financial institution to a certain buyer, had been exercised by the buyer. The option price was $3,550,000 (Note 31(c)).

19 Property, Plant and Equipment (Cont'd)

(b) The total impairment loss of $8,338,200 (2014: $Nil) of the building under construction and leasehold land representing the write-down of carrying amount to the recoverable amount as an external party has exercised the option for the purchase of the assets (Note 31(c)). The impairment loss of $788 (2014: $215,955) of the plant and machinery arise due to the assets of the Group and Company were valued by an independent professional valuer based on the Depreciated Replacement Cost ("DRC") and Market Comparison Methods approach at the balance sheet date.

(c) The carrying amounts of plant and machinery and motor vehicles held under finance leases are $1,781,459 (2014: $4,620,743) and $Nil (2014: $60,878) respectively at the balance sheet date (Note 23). For the purpose of the consolidated statements of cash flows, the Group and Company acquired motor vehicles and plant and machinery with an aggregate cost of $Nil (2014: $643,500) under finance leases and cash payments of $Nil (2014: $975,268).

20 Investment property under construction

	Group and Company	
	2015	2014
	$	$
	(Restated)	(Restated)
Beginning of financial year	7,400,000	-
Additions	36,610,018	19,037,458
Fair value loss recognised in profit or loss (Note 6)	-	(11,637,458)
Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	(14,945,814)	
	29,064,204	7,400,000
Less: Reclassified to assets of disposal group classified as held-for-sale (Note 11)	(29,064,204)	-
End of financial year	-	7,400,000

Investment property under construction is leased to non-related parties under operating leases.

On 11 June 2015, the Company has entered into a sale and purchase agreement with a third party relating to, inter alia, the sale and purchase of the rights, benefits, obligations and liabilities of the Company under a contract with respect to the investment property under construction. The completion of the sale and purchase took place on 16 July 2015 (Note 31(b)). Hence, the investment property under construction was reclassified to assets of disposal group classified as held-for-sale (Note 11).

Investment property under construction is pledged as security for bank borrowings (Note 22).

20 Investment property under construction (Cont'd)

At the balance sheet date, the details of the Group's and Company's investment property under construction are as follows:

Location	Description	Approximate Land Area (sq m)	Tenure
Admiralty Road West	Dormitory	65,700	1 September 2013 to 30 August 2016 and an option, at the discretion of Building and Construction Authority, Singapore to renew for a further period of three years

Fair value hierarchy - Recurring fair value measurements

	Fair value measurement using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$	$	$
30 June 2014			
Investment property under construction			
- Dormitory - Singapore	-	7,400,000	-

Valuation techniques used to derive Level 2 fair values

Level 2 fair value of the Group's and Company's property under construction has been derived using the discounted cash flow approach. Under this approach, a cash flow over the remaining tenure of the lease is projected as analyse the future net cash flows incorporating an appropriate growth rate. The projected net income of the property is derived by deducting from the gross income, outgoings such as operating expenses including land rent and administrative fee payable to a government authority, and an allowance for vacancy. The net income is discounted at an appropriate market derived rate to arrive at the net present value of the net income stream for the remaining lease period. As the property is not completed as at date of valuation, further construction cost to complete the development is deducted to derive the fair value of property in its condition as at 30 June 2014.

Valuation processes of the Group and Company

The Group and Company engages external, independent and qualified valuer to determine the fair value of the Company's property at the end of the financial year based on the property's highest and best use. As at 30 June 2014, the fair values of the investment property under construction have been determined by Suntec Real Estate Consultants Pte Ltd.

21 Trade and other payables

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Trade payables	25,566,226	21,376,048	25,566,226	21,376,048
Construction contracts:				
- Due to customers (Note 15)	5,549,531	4,737,724	5,549,531	4,737,724
Non-trade payables				
- Subsidiary corporations	-	-	774,343	775,622
- Related party	1,354,888	-	1,354,888	-
- Non-related parties [1]	15,970,760	472,110	15,970,760	472,111
	17,325,648	472,110	18,099,991	1,247,733
Accrued operating expenses	4,567,390	3,956,609	4,554,439	3,952,858
	53,008,795	30,542,491	53,770,187	31,314,363

[1] Includes an amount approximately $12.8 million representing land rental and administrative charges payable to a government authority and approximately $1 million representing professional fees.

The non-trade amounts due to subsidiary corporations and related party are unsecured, interest-free and are repayable on demand.

22 Borrowings

	Group and Company	
	2015	2014
	$	$
Current		
Bank overdraft (Note 13)	28,440	850,711
Bank borrowings	31,508,724	4,969,312
Finance lease liabilities (Note 23)	438,718	1,578,142
Loan from a non-related party	1,216,000	-
Loan from a director	9,874,434	-
	43,066,316	7,398,165
Non-current		
Loan from directors	-	909,155
Bank borrowings	-	7,237,996
Finance lease liabilities (Note 23)	37,520	390,190
	37,520	8,537,341
Total borrowings	43,103,836	15,935,506

The exposure of the borrowings of the Group and the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group and Company	
	2015	2014
	$	$
Less than 1 year	43,066,316	7,398,165
1 to 5 years	37,520	5,822,061
Over 5 years	-	2,715,280
	43,103,836	15,935,506

(a) Security granted

Bank borrowings

The bank borrowings are bearing floating interest rate. The bank borrowings are secured over certain bank deposits (Note 13), discontinued operations and assets classified as held-for-sale (Note 11(a)(iii)) and leasehold land and building under construction (Note 19).

In 2014, the bank borrowings are secured over certain bank deposits (Note 13), investment property under construction (Note 20) and leasehold land and building under construction (Note 19).

22 Borrowings (Cont'd)

(a) Security granted (Cont'd)

Finance leases

Finance lease liabilities of the Group and Company are effectively secured over the leased plant and machinery and motor vehicles (Note 19), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Loan from directors

Loan from a director is unsecured, interest free and repayable upon demand. As part of the Company's on-going debt restructuring exercise, the director's loan will be fully converted to equity. In 2014, loan from directors were unsecured, interest free and repayable after 18 months from the end of the reporting period.

Loan from a non-related party

Loan from non-related party is unsecured, interest free and repayable upon demand.

(b) Fair value of non-current borrowings

	Group and Company	
	2015	2014
	$	$
Loan from directors	-	838,413
Bank borrowings	-	6,131,560
Finance lease liabilities (Note 23)	37,520	390,190

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group and Company	
	2015	2014
Loan from directors	-	5.35%
Bank borrowings	-	2.66%
Finance lease liabilities (Note 23)	3.81%	0.22% - 2.99%

(c) Breach of bank covenants

During the financial year ended 30 June 2015, the Group failed to comply with the following covenant clause in one of its bank borrowings:
- Existing charge on fixed deposit of $300,000 placed with bank shall be maintained for so long as the facility(ies) are outstanding and unpaid
- To maintain a positive net worth at all times

22 Borrowings (Cont'd)

(c) Breach of bank covenants (Cont'd)

Due to this breach of covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $716,856. The outstanding balance is presented as a current liability as at 30 June 2015.

The bank has not requested for early repayment of the loan as of the date of these financial statements.

23 Finance lease liabilities

The Group leases certain plant and machinery and motor vehicles from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease term.

	Group and Company	
	2015	**2014**
	$	**$**
Minimum lease payments due		
- Not later than one year	440,765	1,588,398
- Between one and five years	37,590	392,308
	478,355	1,980,706
Less: Future finance charges	(2,117)	(12,374)
Present value of finance lease liabilities	476,238	1,968,332
Not later than one year (Note 22)	438,718	1,578,142
Between one and five years (Note 22)	37,520	390,190
Total	476,238	1,968,332

24 Share capital

	Number of shares	**Amount**
		$
Group and Company		
2015 and 2014		
Beginning and end of financial year	368,500,000	28,579,529

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

25 Other reserves

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
(a) Composition:				
Fair value reserve	133,689	162,302	133,689	162,302
Currency translation reserve	(1,463)	(183)	-	-
	132,226	162,119	133,689	162,302

	Group and Company 2015 $	Group and Company 2014 $
(b) Movements:		
(i) Fair value reserve		
Beginning of financial year	162,302	146,832
Fair value gains (Note 16)	24,829	15,470
Reclassification to profit or loss	(53,442)	-
End of financial year	133,689	162,302

	Group 2015 $	Group 2014 $
(ii) Currency translation reserve		
Beginning of financial year	(183)	(135)
Net currency translation differences of financial statements of foreign subsidiary corporation	(1,280)	(48)
End of financial year	(1,463)	(183)

Other reserves are non-distributable.

26 (Accumulated losses)/ retained profits

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in (accumulated losses)/ retained profits of the Company is as follows:

	Company	
	2015	2014
	$	$
	(Restated)	(Restated)
Beginning of financial year	(23,895,775)	7,650,249
Net loss	(39,725,641)	(31,546,024)
End of financial year	(63,621,416)	(23,895,775)

27 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group and Company	
	2015	2014
	$	$
Consultation fee paid to director	30,000	54,000
Expenses paid on behalf of the Group by a related party	1,354,888	-

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group and Company	
	2015	2014
	$	$
Wages and salaries	574,369	1,163,681
Employer's contribution to defined contribution plans including Central Provident Fund	28,723	69,673
Directors' fees	65,000	160,833
Other benefits	93,704	174,000
	761,796	1,568,187

Included in the above is total compensation to directors of the Group amounting to $321,940 (2014: $1,062,333).

28 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group and Company	
	2015	2014
	$	$
Property, plant and equipment	-	2,945,656
Investment property under construction	-	36,374,979
	-	39,320,635

(b) Operating lease commitments

The Group leases dormitory for workers under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	Group and Company	
	2015	2014
	$	$
Not later than one year	4,440	17,573,240
Between one and five years	12,025	20,410,425
	16,465	37,983,665

29 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management will set policies consistent with the principles laid down by the Board, which will cover authority levels, oversight responsibilities, risk identification, management and measurement.

29 Financial risk management (Cont'd)

Financial risk factors (Cont'd)

(a) Market risk

(i) *Currency risk*

The Company operates mainly in Singapore and most of its transactions are denominated in Singapore Dollar (the functional currency).

Foreign currency risk arising from transactions which are denominated in currencies other than the functional currency, relate mainly to the importation of machinery and spares. The Group manages currency risks, when it is considered significant, by entering into appropriate currency forward contracts. At the balance sheet date, the Group has not entered into any currency forward contracts.

The Group's currency exposures were as follows:

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,314,986	96,417	70,551	3,481,954
Trade and other receivables	18,623,539	-	-	18,623,539
Receivable from inter-companies	782,389	-	-	782,389
	22,720,914	96,417	70,551	22,887,882
Financial Liabilities				
Trade and other payables	49,772,302	-	850	49,773,152
Borrowings	43,103,836	-	-	43,103,836
Payables to inter-companies	782,389	-	-	782,389
	93,658,527	-	850	93,659,377
Net financial (liabilities)/assets	(70,937,613)	96,417	69,701	(70,771,495)
Add: Net non-financial assets	36,054,529	-	-	36,054,529
Net (liabilities)/assets	(34,883,084)	96,417	69,701	(34,716,966)
Currency profile including non-financial liabilities	(34,883,084)	-	(850)	(34,883,934)
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	-	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

The Group's currency exposures were as follows:

	SGD $	USD $	HKD $	EUR $	Total $
30 June 2014 (Restated)					
Financial Assets					
Cash and cash equivalents and available-for-sale financial assets	932,174	89,234	80,327	-	1,101,735
Trade and other receivables	19,941,147	-	-	-	19,941,147
Receivable from inter-companies	782,389	-	-	-	782,389
	21,655,710	89,234	80,327	-	21,825,271
Financial Liabilities					
Trade and other payables	25,783,894	-	850	20,023	25,804,767
Borrowings	15,935,506	-	-	-	15,935,506
Payables to inter-companies	782,389	-	-	-	782,389
	42,501,789	-	850	20,023	42,522,662
Net financial (liabilities)/assets	(20,846,079)	89,234	79,477	(20,023)	(20,697,391)
Add: Net non-financial assets	25,679,083	-	-	-	25,679,083
Net assets/(liabilities)	4,833,004	89,234	79,477	(20,023)	4,981,692
Currency profile including non-financial assets and liabilities	4,833,004	-	(850)	-	4,832,154
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	-	89,234	80,327	(20,023)	149,538

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

The Company's currency exposures are as follows:

	SGD $	USD $	HKD $	Total $
30 June 2015				
Financial Assets				
Cash and cash equivalents and available-for-sale financial assets	3,276,373	96,417	70,551	3,443,341
Trade and other receivables	18,630,306	-	-	18,630,306
	21,906,679	96,417	70,551	22,073,647
Financial Liabilities				
Trade and other payables	50,534,544	-	-	50,534,544
Borrowings	43,103,836	-	-	43,103,836
	93,638,380	-	-	93,638,380
Net financial (liabilities)/assets	(71,731,701)	96,417	70,551	(71,564,733)
Add: Net non-financial assets	36,656,535	-	-	36,656,535
Net (liabilities)/assets	(35,075,166)	96,417	70,551	(34,908,198)
Currency profile including non-financial liabilities	(35,075,166)	-	-	(35,075,166)
Currency exposure of financial assets net of those denominated in the Company's functional currencies	-	96,417	70,551	166,968

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

The Company's currency exposures are as follows: (Cont'd)

	SGD $	USD $	HKD $	EUR $	Total $
30 June 2014 (Restated)					
Financial Assets					
Cash and cash equivalents and financial assets available-for-sale	893,531	89,234	80,327	-	1,063,092
Trade and other receivables	19,947,914	-	-	-	19,947,914
	20,841,445	89,234	80,327	-	21,011,006
Financial Liabilities					
Trade and other payables	26,556,616	-	-	20,023	26,576,639
Borrowings	15,935,506	-	-	-	15,935,506
	42,492,122	-	-	20,023	42,512,145
Net financial (liabilities)/assets	(21,650,677)	89,234	80,327	(20,023)	(21,501,139)
Add: Net non-financial assets	26,347,195	-	-	-	26,347,195
Net assets/(liabilities)	4,696,518	89,234	80,327	(20,023)	4,846,056
Currency profile including non-financial assets	4,696,518	-	-	-	4,696,518
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currencies	-	89,234	80,327	(20,023)	149,538

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

If the USD change against the SGD by 5% (2014: 1%), HKD change against the SGD by 4% (2014: 1%), and EUR change against the SGD by Nil% (2014: 6%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follow:

	Increase/(Decrease)	
	2015	**2014**
	Loss after tax	**Loss after tax**
	$	**$**
<u>Group and Company</u>		
USD against SGD		
- Strengthened	4,001	741
- Weakened	(4,001)	(741)
HKD against SGD		
- Strengthened	2,342	667
- Weakened	(2,342)	(667)
EUR against SGD		
- Strengthened	-	997
- Weakened	-	(997)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and Company's interest rate risk mainly arises from bank borrowings at variable interest rates. The Group and Company is exposed to significant interest rate risk on its variable-rate borrowings and manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group and Company.

The Group's and Company's bank borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% (2014: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by $261,522 (2014: $101,321).

(iii) Price risks

The Group and the Company are exposed to equity securities price risks arising from investments held by the Group and the Company which are classified on the balance sheet as available-for-sale financial assets.

Further details of these equity investments can be found in Notes 16 to the financial statements.

29 Financial risk management (Cont'd)

(a) Market risk (Cont'd)

(iii) Price risks (Cont'd)

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of equity investments classified as available-for-sale financial assets, if equity prices had been 10% higher or lower, with all other variable including tax rate being held constant. The Group's and Company equity as at 30 June 2015 would increase/ decrease by $23,941 (2014: $30,397).

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. As the major customers of Group are government bodies, defaults risks for trade receivables are low. As for customers who are not government bodies, the Group has in place credit control policies.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the executive directors based on a credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the executive directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for trade receivable is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Group comprise of a debtor (2014: 2 debtors) that individually represented more than 20% of trade receivables.

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group and Company	
	2015	**2014**
	$	**$**
<u>By geographical areas</u>		
Singapore	1,279,088	2,269,591
<u>By types of customers</u>		
Government bodies	1,266,438	2,034,627
Other companies	12,650	234,964
	1,279,088	2,269,591

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks registered with the Monetary Authority Singapore. Trade receivables that are neither past due nor impaired are mainly government bodies with good payment record.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and construction contracts amount due from customers.

<u>Trade receivables</u>

The age analysis of trade receivables past due but not impaired is as follows:

	Group and Company	
	2015	2014
	$	$
Past due < 3 months	1,262,158	548,015
Past due more than 3 months	16,930	21,087
	1,279,088	569,102

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group and Company	
	2015	2014
	$	$
Past due more than 3 months	214,966	158,921
Less: Allowance for impairment	(214,966)	(158,921)
	-	-
Beginning of financial year	158,921	-
Allowance made (Note 7)	56,045	158,921
End of financial year (Note 14)	214,966	158,921

The impaired trade receivables arise due to the amounts have been overdue and management is of the opinion that the recoverability is low.

29 Financial risk management (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

Construction contracts due from customers

The carrying amount of the amount due from customers on construction contracts determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group and Company	
	2015	**2014**
	$	**$**
Gross amount:		
Construction contracts amount due from customers	5,408,677	13,237,252
Less: Allowance for impairment (Note 14)	(5,332,925)	(5,888,765)
	75,752	7,348,487
Beginning of financial year	5,888,765	2,341,106
Less: (Write back)/ allowance made (Note 7)	(555,840)	3,547,659
End of financial year	5,332,925	5,888,765

The impaired amount due from customers on construction contracts arise mainly from contracts completed in financial year ended 30 June 2015 and 2014, in which the Group anticipates the customer disputing the amount of variation works.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities (Note 22) to enable the Group to meet its normal operating commitments. As at balance sheet date, assets held by the Group and the Company for managing liquidity risks included cash and short-term deposits as disclosed in Note 13.

29 Financial risk management (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$	$	$	$
Group				
At 30 June 2015				
Trade and other payables	47,459,264	-	-	-
Borrowings	43,068,363	37,590	-	-
At 30 June 2014				
Trade and other payables	25,804,767	-	-	-
Borrowings	7,490,194	3,451,443	3,870,759	1,687,180
Company				
At 30 June 2015				
Trade and other payables	48,220,656	-	-	-
Borrowings	43,068,363	37,590	-	-
At 30 June 2014				
Trade and other payables	26,576,639	-	-	-
Borrowings	7,490,194	3,451,443	3,870,759	1,687,180

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2015 and 2014 except for as disclosed in Note 22(c).

29 Financial risk management (Cont'd)

(e) Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) input other than quoted prices included within Level 1 there are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Group and Company				
2015				
Available-for-sale financial assets	288,447	-	-	288,447
2014				
Available-for-sale financial assets	366,234	-	-	366,234

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in level 1.

The carrying amount less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) Financial Instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Loans and receivables	21,817,046	20,676,648	21,785,200	20,644,772
Financial liabilities at amortised cost	92,876,988	41,740,273	93,638,380	42,512,145

30 Segment information

The management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

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.

(iii) Dormitory – The business division of our Group that which carries out rental of accommodation to employers of foreign workers. This business segment has ceased with effect from 16 July 2015 following the disposal of the dormitory.

Management has determined the operating segments that are used to make strategic decisions. Currently, the business segments operate only in Singapore.

30 Segment information (Cont'd)

Primary reporting format – business segments:

	Civil Engineering $	Tunnelling $	Dormitory (Discontinued operations) $	Common and all other segments $	Total $
30 June 2015 (Restated)					
Sales	15,793,855	6,327,334	-	-	22,121,189
Gross loss	(2,148,860)	(2,865,318)	-	-	(5,014,178)
Other gains - net	30,000	-	-	331,192	361,192
Distribution and marketing expenses	-	-	-	(39,187)	(39,187)
Administrative expenses	(486,722)	(12,285)	-	(14,064,590)	(14,563,597)
Finance expenses	-	-	-	(72,692)	(72,692)
Loss from operation	(2,605,582)	(2,877,603)	-	(13,845,277)	(19,328,462)
Share of loss of associated company	-	-	-	(133,194)	(133,194)
Loss before income tax	(2,605,582)	(2,877,603)	-	(13,978,471)	(19,461,656)
Income tax credit	-	-	-	17,000	17,000
Net loss	(2,605,582)	(2,877,603)	-	(13,961,471)	(19,444,656)
Loss from discontinued operations	-	-	(20,224,109)	-	(20,224,109)
Net loss and loss from discontinued operations includes:					
- Depreciation of property, plant and equipment	695,913	931,365	-	625,652	2,252,930
- Impairment of property, plant and equipment	(204,455)	205,243	-	8,338,200	8,338,988
- Write-back for impairment of construction contracts amount due from customers	(299,739)	(256,101)	-	-	(555,840)
- Allowance for impairment of trade receivables	17,472	38,573	-	-	56,045
- Re-measurement of assets of disposal group classified as held-for-sale to fair value less cost to sell	-	-	14,945,814	-	14,945,814

30 Segment information (Cont'd)

Primary reporting format – business segments: (Cont'd)

	Civil Engineering $	Tunnelling $	Dormitory (Discontinued operations) $	Common and all other segments $	Total $
30 June 2015 (Restated) (Cont'd)					
Segment assets	7,764,989	9,886,416	37,149,708	8,908,440	63,709,553
Total assets includes:					
Additions to:					
- Property, plant and equipment	19,900	-	-	1,891,976	1,911,876
- Investment property under construction	-	-	36,610,018	-	36,610,018
Segment liabilities	14,628,820	7,878,789	51,121,401	24,797,509	98,426,519

	Civil Engineering $	Tunnelling $	Dormitory $	Common and all other segments $	Total $
30 June 2014 (Restated)					
Sales	19,938,469	11,430,654	-	-	31,369,123
Gross loss	(2,061,467)	(5,566,122)	-	-	(7,627,589)
Other gains/ (losses) - net	9,586	-	(11,637,458)	200,429	11,427,443
Distribution and marketing expenses	-	-	-	(448,334)	(448,334)
Administrative expenses	(2,612,706)	(934,953)	-	(8,425,767)	(11,973,426)
Finance expenses	-	-	-	(169,238)	(169,238)
Loss from operation	(4,664,587)	(6,501,075)	(11,637,458)	(8,842,910)	(31,646,030)
Share of loss of associated company	-	-	-	(66,806)	(66,806)
Loss before income tax	(4,664,587)	(6,501,075)	(11,637,458)	(8,909,716)	(31,712,836)
Income tax credit	-	-	-	93,682	93,682
Net loss	(4,664,587)	(6,501,075)	(11,637,458)	(8,816,034)	(31,619,154)

30 Segment information (Cont'd)

Primary reporting format – business segments: (Cont'd)

	Civil Engineering $	Tunnelling $	Dormitory $	Common and all other segments $	Total $
30 June 2014 (Restated) (Cont'd)					
Net loss includes:					
- Depreciation of property, plant and equipment	698,497	931,365	-	715,414	2,345,276
- Impairment of property, plant and equipment	-	215,955	-	-	215,955
- Fair value loss recognised on investment property under construction	-	-	11,637,458	-	11,637,458
- Allowance for impairment of construction contracts amount due from customers	2,612,706	934,953	-	-	3,547,659
- Allowance for impairment of trade receivables	43,776	115,145	-	-	158,921
Segment assets	10,358,766	13,244,638	8,856,800	18,999,485	51,459,689
Total assets includes:					
Additions to:					
- Property, plant and equipment	-	-	-	7,350,486	7,350,486
- Investment property under construction	-	-	19,037,458	-	19,037,458
Segment liabilities	(16,931,382)	(6,466,414)	(14,126,451)	(8,953,750)	(46,477,997)

The management assesses the performance of the operating segments based on gross profits. Selling and distribution expenses, general and administrative expenses and other income are not allocated to segments because they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

30 Segment information (Cont'd)

(a) Reconciliations

(i) Segment assets

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the inventories and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and cash equivalents, other receivables, available-for-sale financial assets, investment in associated company and property, plant and equipment.

	2015 **$**	**2014** **$** **(Restated)**
Segment assets for reportable segments	54,801,113	32,460,204
Unallocated:		
- Cash and cash equivalents	2,014,003	735,501
- Other receivables	2,019,466	2,153,933
- Available-for-sale financial assets	288,447	366,234
- Investment in associated company	-	133,194
- Property, plant and equipment	4,586,524	15,610,623
	63,709,553	51,459,689

(ii) Segment liabilities

For the purposes of monitoring segment performance and allocating resources between segments, the management monitors the payables attributable to each segment. All liabilities are allocated to reported segments other than other payables and borrowings.

	2015 **$**	**2014** **$**
Segment liabilities for reportable segments	73,629,010	37,524,247
Unallocated:		
- Other payables	12,778,220	4,165,727
- Borrowings	12,019,289	4,788,023
	98,426,519	46,477,997

30 Segment information (Cont'd)

(b) Information about major customers

Revenue from a major customer amounted to $20,260,635 (2014: $23,993,791), arising from sales of civil engineering and tunnelling segment.

	2015 $	2014 $
Civil engineering	15,431,340	13,612,210
Tunnelling	4,829,295	10,381,581
	20,260,635	23,993,791

(c) Geographical information

Revenue and loss of the Group are mainly derived from the civil engineering and tunnelling segments in Singapore which forms the Group's strategic business.

The non-current assets employed by the Group are located in Singapore. Accordingly, no other segmental information by geographical segment is presented.

31 Significant events

(a) *Litigations and scheme of arrangement*

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore ("Court") to propose a scheme of arrangement between the Company and the certain creditors ("Scheme") for the purpose of implementing and facilitating the Company's restructuring plan (the "Application"). The Company has been in discussion with its creditors on such restructuring plan, and will continue to engage its creditors going forward in implementing such plan. The number of demands made on the Company has been increasing. Through the filing of the Application, the Company is seeking to effect a consensual restructuring of its debt and liabilities in a manner which would maximise the value of the Company and its assets for its creditors and shareholders.

On 25 February 2015, the Company had 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 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. The Company had obtained further extensions of the Order from the Court on 20 July 2015, 7 September 2015 and 21 September 2015.

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.

31 Significant events (Cont'd)

(a) *Litigations and scheme of arrangement (Cont'd)*

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. Pursuant to the approval of the Scheme by the Company's Creditors, the Company filed an application to the Court pursuant to Section 210(3) of the Act for a Court order to approve the Scheme.

On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court"). The Company extracted the Order of Court on 30 November 2015 and lodged a copy of the Order of Court with the Registrar of Companies on 2 December 2015. As such, the Scheme takes effect and is binding on all parties on and from 2 December 2015.

(b) *Disposal of investment property under construction*

On 11 June 2015, the Company announced its entry into a sale and purchase agreement with Crest Industrial Holdings II Pte. Ltd. relating to, inter alia, the sale and purchase of the rights, benefits, obligations and liabilities of the Company under a contract made with the Building and Construction Authority of Singapore in respect of constructing, managing and operating the foreign workers' dormitory known as "North Coast Lodge" situated at 300 Admiralty Road West, Singapore 757027 (the "property").

On 16 July 2015, the Company announced that the disposal of the property has been completed.

(c) *Disposal of leasehold land and leasehold building under construction*

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 and building under construction 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. The option price was $3,550,000.

31 Significant events (Cont'd)

(d) *Proposed share placement*

On 23 November 2015, the Group has entered into a conditional subscription agreement (the "Subscription Agreement") with Singapore Infrastructure (Asia Pacific) Pte. Ltd. pursuant to which the Company has agreed to allot and issue to the Subscriber initial new ordinary shares of 535,000,000 ("Initial New Shares") and the Subscriber has agreed to subscribe and pay for, Initial New Shares in the capital of the Company for an aggregate issue price of $8,025,000, on the terms and subject to the conditions of the Subscription Agreement.

The completion of the Proposed Issue is subject to certain conditions set out in the Subscription Agreement, including, without limitation:

(i) there being no objection to the Proposed Issue by the Scheme Managers;
(ii) the approval of the Scheme (without any material amendments, additions or variations thereto) by the Singapore court;
(iii) the approval of the Shareholders for the Proposed Issue having been obtained;
(iv) the approval in-principle of the SGX-ST for the listing and quotation of the New Shares on the official list of the mainboard of the SGX-ST having been obtained;
(v) the conversion of certain debts into new Shares in accordance with the terms of the Scheme;
(vi) the Shares having been lifted from trading suspension as at the Completion Date;
(vii) the net asset value of the Company, after taking into account certain events, being not less than S$3,600,000; and
(viii) the aggregate amount of the debts of all the Eligible Creditors, after taking into account certain events, being not more than $25,300,000 at any time prior to the Completion Date.

32 Events occurring after balance sheet date

Restatement of financial statements

On 2 December 2016, the Board of Directors announced that, pursuant to Accounting and Corporate Regulatory Authority (ACRA)'s Financial Reporting Surveillance Programme ("FRSP"), ACRA had on 25 November 2016 issued to the Board of Directors an advisory letter on compliance with accounting standards (the "Advisory Letter"). The Advisory Letter was issued following a series of queries and responses between the Company and ACRA.

The Advisory Letter states that ACRA has issued a warning to Mr Ong Hock Leong and Mr Chee Tet Choy, Andy, who were signatories of the financial statements for the financial year ended 30 June 2014 ("FY2014") for a breach of Section 201(3A) of the Companies Act, Chapter 50 for an instance of severe non-compliance.

After considering the Company's responses, ACRA has concluded that the FY2014 financial statements do not comply with Paragraph 53 of FRS 40 *Investment Property*.

As disclosed in Note 2.8, the Group has adopted fair value model to its investment property. Paragraph 53 of FRS 40 *Investment Property* contains a general presumption that the fair value of an investment property can be reliably measured on a continuing basis. The Group has rebutted the general presumption and measured its investment property under construction at cost rather than fair value as at 30 June 2014.

Pursuant to the Advisory Letter, ACRA has requested the Company to restate and re-file the re-audited financial statements for FY2014 and FY2015.

32 Events occurring after balance sheet date (Cont'd)

Restatement of financial statements (Cont'd)

The effects of the restatement on the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, the consolidated statement of comprehensive income and the consolidated statement of the cash flows of the Group for the financial year ended 30 June 2015 are summarised below.

	As per previously stated $	Adjustments $	As restated $
Consolidated Statement of Comprehensive Income for the financial year ended 30 June 2014			
Other gains – net	210,015	(11,637,458)	(11,427,443)
Net loss	(19,981,696)	(11,637,458)	(31,619,154)
Total comprehensive loss	(19,966,274)	(11,637,458)	(31,603,732)
Net loss attributable:			
Equity holders of the Company	(19,981,696)	(11,637,458)	(31,619,154)
Total comprehensive loss attributable to:			
Equity holders of the Company	(19,966,274)	(11,637,458)	(31,603,732)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
- For continuing operations	(5.42)	(3.16)	(8.58)
Balance Sheets as at 30 June 2014			
Group			
Non-current assets			
Investment property under construction	19,037,458	(11,637,458)	7,400,000
Equity			
Accumulated losses	(12,122,498)	(11,637,458)	(23,759,956)
Company			
Group			
Non-current assets			
Investment property under construction	19,037,458	(11,637,458)	7,400,000
Equity			
Accumulated losses	(12,258,317)	(11,637,458)	(23,895,775)

32 Events occurring after balance sheet date (Cont'd)

Restatement of financial statements

	As per previously stated $	Adjustments $	As restated $
Consolidated Statement of Cash Flows for the Financial year ended 30 June 2014			
Operating activities			
- Net loss	(19,981,696)	(11,637,458)	(31,619,154)
- Fair value gain/(loss) on investment property under construction	-	11,637,458	11,637,458
Consolidated Statement of Comprehensive Income for the financial year ended 30 June 2015			
Loss from discontinued operations, net of tax	(31,861,567)	11,637,458	(20,224,109)
Net loss	(51,306,223)	11,637,458	(39,668,765)
Total comprehensive loss	(51,336,116)	11,637,458	(39,698,658)
Net loss attributable:			
Equity holders of the Company	(51,306,223)	11,637,458	(39,668,765)
Total comprehensive loss attributable to:			
Equity holders of the Company	(51,336,116)	11,637,458	(39,698,658)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
- For discontinued operations	(8.64)	3.15	(5.49)
Consolidated Statement of Cash Flows for the Financial year ended 30 June 2015			
Operating activities			
- Net loss	(51,306,223)	11,637,458	(39,668,765)
- Amortisation of investment property under construction	3,590,160	(3,590,160)	-
- Re-measurement of assets classified as held-for-sale to fair value less cost to sell	22,993,112	(8,047,298)	14,945,814

33 Reclassification of comparatives

The Group has made certain reclassification to the expenses of the statement of comprehensive income to better reflect the specific nature of the balances. There is no impact on the balance sheet at the beginning of the preceding period, the consolidated statement of changes in equity and loss per share of the Group. Effect on the consolidated statement of comprehensive income for the financial year ended 30 June 2014 are as follows:

	Balances as previously reported	Reclassification	Balance as restated
	$	$	$
Consolidated statement comprehensive income			
Cost of works	37,366,850	1,629,862	38,996,712
Administrative expenses	13,603,288	(1,629,862)	11,973,426

34 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2015 or later periods and which the Group and the Company has not early adopted:

Effective for annual periods beginning on or after 1 January 2015

- Improvements to FRSs (January 2014)
  - Amendment to FRS 102 Share-based payment
  - FRS 103 Business Combinations – FRS 108 Operating Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets

- Improvements to FRSs (February 2014)
  - FRS 103 Business Combinations
  - FRS 113 Fair Value Measurement
  - Amendment to FRS 40 Investment Property

- Effective for annual periods beginning on or after 1 January 2016
  - Amendments to FRS 1: Disclosure Initiative
  - Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
  - FRS 114 Regulatory Deferral Accounts
  - Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
  - Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
  - Amendments to FRS 27: Equity Method in Separate Financial Statements
  - Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  - Improvements to FRSs (November 2014)
  - FRS 105 Non-current Assets Held for Sale and Discontinued Operations
  - FRS 107 Financial Instruments: Disclosures – FRS 19 Employee Benefits – FRS 34 Interim Financial Reporting

34 New or revised accounting standards and interpretations (Cont'd)

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2015 or later periods and which the Group and the Company has not early adopted: (Cont'd)

- Effective for annual period beginning on or after 1 January 2017
  - FRS 115 Revenue from Contracts with Customers

- Effective for annual period beginning on or after 1 January 2018
  - FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.