LIAN BENG GROUP LTD
Registration No. 199802527Z

Lian Beng Group Ltd and its subsidiaries

Condensed Interim Consolidated Financial Statements

For the six months and full year ended 31 May 2022

Table of Contents

	Page
Condensed interim consolidated statement of comprehensive income	1
Condensed interim statements of financial position	3
Condensed interim statements of changes in equity	5
Condensed interim consolidated cash flow statement	8
Notes to the condensed interim consolidated financial statements	10
Other information required by Listing Rule Appendix 7.2	32

Lian Beng Group Ltd and its subsidiaries
Condensed interim consolidated statement of comprehensive income
For the six months and full year ended 31 May 2022

	Note	Group Six months ended 31 May 2022 ("2H2022") S$'000	31 May 2021 ("2H2021") S$'000	Increase/ (decrease) %	Group Full year ended 31 May 2022 ("FY2022") S$'000	31 May 2021 ("FY2021") S$'000	Increase/ (decrease) %
Revenue	4.2	411,021	316,987	29.7	788,336	514,490	53.2
Cost of sales		(361,296)	(281,969)	28.1	(705,096)	(454,676)	55.1
Gross profit		49,725	35,018	42.0	83,240	59,814	39.2
Other operating income	6.1	9,932	15,045	(34.0)	19,891	36,073	(44.9)
Distribution expenses		(3,306)	(1,327)	149.1	(5,816)	(2,528)	130.1
Administrative expenses		(17,285)	(14,402)	20.0	(32,176)	(29,600)	8.7
Other operating expenses	6.1	(7,499)	(5,088)	47.4	(14,761)	(10,062)	46.7
Finance costs		(6,912)	(6,533)	5.8	(13,886)	(12,161)	14.2
Impairment losses on financial assets		(2,528)	(2,153)	17.4	(2,594)	(2,241)	15.8
Share of results of associates		16,874	1,917	780.2	29,581	6,507	354.6
Share of results of joint ventures		2,349	(3,359)	NM	4,532	(1,757)	NM
		41,350	19,118	116.3	68,011	44,045	54.4
Fair value gain/(loss) on investment properties		6,702	(1,647)	NM	6,702	(1,647)	NM
Profit before taxation		48,052	17,471	175.0	74,713	42,398	76.2
Taxation	7	(6,512)	(4,480)	45.4	(9,421)	(7,243)	30.1
Profit for the period/year, net of taxation		41,540	12,991	219.8	65,292	35,155	85.7
Other comprehensive income:							
Items that will not be reclassified to profit or loss:							
Net (loss)/gain on equity instruments at fair value through other comprehensive income ("FVOCI")		(1,785)	1,419	NM	(2,976)	3,560	NM
Items that may be reclassified subsequently to profit or loss:							
Net (loss)/gain on debt instruments at FVOCI		(2,507)	2,402	NM	(2,841)	2,935	NM
Foreign currency translation (loss)/gain		(515)	498	NM	(560)	1,022	NM

Lian Beng Group Ltd and its subsidiaries
Condensed interim consolidated statement of comprehensive income
For the six months and full year ended 31 May 2022

	Note	Group Six months ended 31 May 2022 ("2H2022") S$'000	31 May 2021 ("2H2021") S$'000	Increase/ (decrease) %	Group Full year ended 31 May 2022 ("FY2022") S$'000	31 May 2021 ("FY2021") S$'000	Increase/ (decrease) %
Other comprehensive income for the period/year, net of taxation		(4,807)	4,319	NM	(6,377)	7,517	NM
Total comprehensive income for the period/year		36,733	17,310	112.2	58,915	42,672	38.1
Profit attributable to:							
Owners of the Company		28,584	8,454	238.1	43,460	26,068	66.7
Non-controlling interests		12,956	4,537	185.6	21,832	9,087	140.3
		41,540	12,991	219.8	65,292	35,155	85.7
Total comprehensive income attributable to:							
Owners of the Company		23,248	12,579	84.8	36,450	33,420	9.1
Non-controlling interests		13,485	4,731	185.0	22,465	9,252	142.8
		36,733	17,310	112.2	58,915	42,672	38.1
Earnings per share (Singapore cents)							
Basic and diluted	9	5.72	1.69	238.1	8.70	5.22	66.7

NM – not meaningful

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

Lian Beng Group Ltd and its subsidiaries
Condensed interim statements of financial position
As at 31 May 2022

		Group		Company	
		31 May 2022	**31 May 2021**	**31 May 2022**	**31 May 2021**
	Note	S$'000	S$'000	S$'000	S$'000
Non-current assets					
Property, plant and equipment	12	227,019	180,190	–	–
Investment properties	13	674,201	681,485	–	–
Investment in subsidiaries		–	–	165,988	173,991
Investment in joint ventures		24,107	13,695	–	–
Investment in associates		56,008	31,478	–	–
Investment securities	11	170,567	155,012	13,227	12,621
Amounts due from subsidiaries		–	–	33,783	33,783
Amounts due from associates		35,066	38,667	–	–
Deferred tax assets		–	768	–	–
		1,186,968	1,101,295	212,998	220,395
Current assets					
Contract assets		113,333	85,814	–	–
Capitalised contract costs		2,662	1,381	–	–
Development properties		120,062	180,892	–	–
Inventories		17,228	15,675	–	–
Trade receivables		66,529	62,344	–	–
Other receivables and deposits		21,804	18,891	710	123
Prepayments		13,718	10,041	5	4
Tax recoverable		–	22	–	–
Amounts due from subsidiaries		–	–	182,687	190,602
Amounts due from joint ventures		59,548	68,447	54,947	54,947
Amounts due from associates		199,034	188,629	–	–
Investment securities	11	19,910	12,090	–	–
Cash and cash equivalents		228,893	208,632	7,554	10,114
Investment property held for sale		5,243	–	–	–
		867,964	852,858	245,903	255,790
Current liabilities					
Contract liabilities		52,689	44,011	–	–
Trade and other payables		237,555	226,664	39	27
Accruals		25,006	21,552	142	137
Provisions		947	4,156	–	–
Lease liabilities		10,765	3,722	–	–
Amounts due to associates		1,554	1,199	–	–
Amounts due to joint ventures		950	950	–	–
Amounts due to subsidiaries		–	–	218,679	233,747
Bank loans and bills payable	14	306,589	298,057	–	–
Provision for taxation		6,865	8,974	46	68
		642,920	609,285	218,906	233,979
Net current assets		225,044	243,573	26,997	21,811
Non-current liabilities					
Refundable rental deposits		3,127	2,828	–	–
Amounts due to subsidiaries		–	–	–	556
Lease liabilities		51,320	12,055	–	–
Bank loans	14	457,404	470,957	–	–
Deferred tax liabilities		3,169	2,187	–	–
		515,020	488,027	–	556
Net assets		**896,992**	**856,841**	**239,995**	**241,650**

Lian Beng Group Ltd and its subsidiaries
Condensed interim statements of financial position
As at 31 May 2022

	Note	Group		Company	
		31 May 2022	**31 May 2021**	**31 May 2022**	**31 May 2021**
		S$'000	S$'000	S$'000	S$'000
Equity attributable to owners of the Company					
Share capital	15	82,275	82,275	82,275	82,275
Treasury shares	15	(17,777)	(17,777)	(17,777)	(17,777)
Retained earnings		706,720	673,247	183,990	186,251
Other reserves		(4,718)	2,299	(8,493)	(9,099)
		766,500	740,044	239,995	241,650
Non-controlling interests		130,492	116,797	–	–
Total equity		**896,992**	**856,841**	**239,995**	**241,650**

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

GROUP – FY2022

	Attributable to owners of the Company						
	Share capital (Note 15) S$'000	**Treasury shares (Note 15)** S$'000	**Retained earnings** S$'000	**Other reserves** S$'000	**Total reserves** S$'000	**Non-controlling interests** S$'000	**Total equity** S$'000
Balance at 1 June 2021	82,275	(17,777)	673,247	2,299	675,546	116,797	856,841
Profit for the year, net of taxation	–	–	43,460	–	43,460	21,832	65,292
Other comprehensive income							
Net (loss)/gain on equity instruments at FVOCI	–	–	–	(3,646)	(3,646)	670	(2,976)
Net (loss)/gain on debt instruments at FVOCI	–	–	–	(2,866)	(2,866)	25	(2,841)
Foreign currency translation loss	–	–	–	(498)	(498)	(62)	(560)
Other comprehensive income for the year, net of taxation	–	–	–	(7,010)	(7,010)	633	(6,377)
Total comprehensive income for the year	–	–	43,460	(7,010)	36,450	22,465	58,915
Contribution by and distribution to owners							
Dividends paid on ordinary shares (Note 8)	–	–	(9,994)	–	(9,994)	–	(9,994)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(8,770)	(8,770)
Total transactions with owners in their capacity as owners	–	–	(9,994)	–	(9,994)	(8,770)	(18,764)
Others							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	7	(7)	–	–	–
Total others	–	–	7	(7)	–	–	–
Balance at 31 May 2022	82,275	(17,777)	706,720	(4,718)	702,002	130,492	896,992

Lian Beng Group Ltd and its subsidiaries
Condensed interim statements of changes in equity
For the full year ended 31 May 2022

GROUP – FY2021

	Attributable to owners of the Company						
	Share capital (Note 15) S$'000	**Treasury shares (Note 15)** S$'000	**Retained earnings** S$'000	**Other reserves** S$'000	**Total reserves** S$'000	**Non-controlling interests** S$'000	**Total equity** S$'000
Balance at 1 June 2020	82,275	(17,777)	646,474	(5,213)	641,261	118,923	824,682
Profit for the year, net of taxation	–	–	26,068	–	26,068	9,087	35,155
Other comprehensive income							
Net gain on equity instruments at FVOCI	–	–	–	3,492	3,492	68	3,560
Net gain/(loss) on debt instruments at FVOCI	–	–	–	2,967	2,967	(32)	2,935
Foreign currency translation gain	–	–	–	893	893	129	1,022
Other comprehensive income for the year, net of taxation	–	–	–	7,352	7,352	165	7,517
Total comprehensive income for the year	–	–	26,068	7,352	33,420	9,252	42,672
Change in ownership interests of subsidiary							
Acquisition of additional interest in SLB Development Ltd. ("SLB")	–	–	–	865	865	(2,825)	(1,960)
Total changes in ownership interests of subsidiary	–	–	–	865	865	(2,825)	(1,960)
Contribution by and distribution to owners							
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	(8,553)	(8,553)
Total transactions with owners in their capacity as owners	–	–	–	–	–	(8,553)	(8,553)
Others							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	705	(705)	–	–	–
Total others	–	–	705	(705)	–	–	–
Balance at 31 May 2021	82,275	(17,777)	673,247	2,299	675,546	116,797	856,841

COMPANY – FY2022

	Attributable to owners of the Company					
	Share capital (Note 15) S$'000	**Treasury shares (Note 15)** S$'000	**Retained earnings** S$'000	**Other reserves** S$'000	**Total reserves** S$'000	**Total equity** S$'000
Balance at 1 June 2021	82,275	(17,777)	186,251	(9,099)	177,152	241,650
Profit for the year, net of taxation	–	–	7,733	–	7,733	7,733
Other comprehensive income						
Net gain on equity instruments at FVOCI	–	–	–	606	606	606
Other comprehensive income for the year, net of taxation	–	–	–	606	606	606
Total comprehensive income for the year	–	–	7,733	606	8,339	8,339
Contribution by and distribution to owners						
Dividends on ordinary shares (Note 8)	–	–	(9,994)	–	(9,994)	(9,994)
Balance at 31 May 2022	82,275	(17,777)	183,990	(8,493)	175,497	239,995

COMPANY – FY2021

	Attributable to owners of the Company					
	Share capital (Note 15) S$'000	**Treasury shares (Note 15)** S$'000	**Retained earnings** S$'000	**Other reserves** S$'000	**Total reserves** S$'000	**Total equity** S$'000
Balance at 1 June 2020	82,275	(17,777)	178,756	(8,366)	170,390	234,888
Profit for the year, net of taxation	–	–	7,495	–	7,495	7,495
Other comprehensive income						
Net loss on equity instruments at FVOCI	–	–	–	(733)	(733)	(733)
Other comprehensive income for the year, net of taxation	–	–	–	(733)	(733)	(733)
Total comprehensive income for the year	–	–	7,495	(733)	6,762	6,762
Balance at 31 May 2021	82,275	(17,777)	186,251	(9,099)	177,152	241,650

Lian Beng Group Ltd and its subsidiaries
Condensed interim consolidated cash flow statement
For the full year ended 31 May 2022

	Note	Group FY2022 S$'000	Group FY2021 S$'000
Cash flows from operating activities			
Profit before taxation		74,713	42,398
Adjustments for:			
Bad debts written off	6.1	40	–
Amortisation of capitalised contract costs		5,286	1,979
Amortisation of prepaid facility fee		90	8
Depreciation of property, plant and equipment		18,348	16,443
Dividend income from investment securities		(1,615)	(1,145)
Fair value (gain)/loss on investment properties	13	(6,702)	1,647
Fair value loss/(gain) on investment securities	6.1	1,224	(887)
Gain on disposal of property, plant and equipment	6.1	(894)	(412)
Gain on disposal of investment properties	6.1	(462)	–
Gain on disposal of investment securities	6.1	(173)	(560)
Gain on dilution of an investment in a joint venture		–	(113)
Gain on disposal of investment in a joint venture		(90)	–
Impairment losses on financial assets		2,594	2,241
Impairment loss on property, plant and equipment	6.1	32	218
Interest income		(11,398)	(11,258)
Interest expense		13,886	12,161
Straight-lining of rental income	13	(543)	–
Share of results of associates and joint ventures		(34,113)	(4,750)
Unrealised exchange differences		3,209	(4,914)
(Write-back of provisions)/provisions		(3,209)	1,477
Write-back of waiver/(waiver) of amount due to associate		394	(4)
Operating cash flows before changes in working capital		60,617	54,529
Changes in working capital:			
Development properties		60,830	(102,539)
Capitalised contract costs		(6,567)	(1,692)
Contract assets		(27,519)	(1,236)
Contract liabilities		8,479	(12,723)
Inventories		(1,553)	(3,135)
Trade receivables		(4,528)	(35,821)
Other receivables and deposits		(260)	310
Prepayments		(3,677)	2,141
Trade and other payables and accruals		12,179	75,994
Balances with affiliated companies, joint ventures and associates		(3,065)	(2,795)
Total changes in working capital		34,319	(81,496)
Cash flows from/(used in) operations		94,936	(26,967)
Income tax paid		(9,757)	(8,822)
Net cash flows from/(used in) operating activities		85,179	(35,789)
Cash flows from investing activities			
Interest received		6,815	7,322
Dividend and distribution income from investment securities		1,615	1,145
Dividend income from associates		5,060	5,322

Lian Beng Group Ltd and its subsidiaries
Condensed interim consolidated cash flow statement
For the full year ended 31 May 2022

	Note	Group FY2022 S$'000	Group FY2021 S$'000
Cash flows from investing activities (cont'd)			
Additions to investment securities		(55,422)	(57,321)
Purchase of property, plant and equipment		(12,627)	(16,425)
Additional investments in investment properties		(44)	(122,968)
Proceeds from capital refund, redemption and disposal of investment securities		24,445	47,946
Proceeds from disposal of property, plant and equipment		1,022	472
Proceeds from disposal of investment properties		9,792	–
Proceeds from disposal of investment in a joint venture		564	–
Loans to associates		(1,414)	(8,141)
Repayment of loans by joint ventures		2,332	8,454
Additional investment in an associate		(26)	(157)
Additional investment in SLB		–	(1,960)
Net cash flows used in investing activities		(17,888)	(136,311)
Cash flows from financing activities			
Interest paid		(13,244)	(11,371)
Proceeds from bank loans and bills payable		190,876	342,857
Repayment of bank loans and bills payable		(197,203)	(156,051)
Payment for bank facility fee		–	(443)
Repayment of lease liabilities		(8,216)	(4,143)
Dividends paid on ordinary shares	8	(9,994)	–
Dividends paid to non-controlling interests of subsidiaries		(8,770)	(8,553)
Loans from joint ventures		–	250
Repayment of loans to associates		(15)	(130)
Repayment of loans due to non-controlling interests of a subsidiary		–	(515)
Loans from non-controlling interests of a subsidiary		236	7,248
(Placement)/release of restricted cash – fixed deposits and bank balances pledged for bank loans		(12,954)	14,456
Net cash flows (used in)/from financing activities		(59,284)	183,605
Net increase in cash and cash equivalents		8,007	11,505
Cash and cash equivalents at beginning of the year		208,274	194,602
Effect of exchange rate changes on cash and cash equivalents		(700)	2,167
Cash and cash equivalents at end of the year		215,581	208,274
Breakdown of cash and cash equivalents at end of the year			
Fixed deposits		8,407	29,711
Cash on hand and at banks		220,486	178,921
Cash and cash equivalents per statement of financial position		228,893	208,632
Restricted cash – fixed deposits and bank balances pledged for bank loan		(13,312)	(358)
Cash and cash equivalents at end of the year		215,581	208,274

1. Corporate information

Lian Beng Group Ltd (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The registered office and principal place of business of the Company is located at 29 Harrison Road, Lian Beng Building, Singapore 369648.

These condensed interim consolidated financial statements as at and for the six months ended 31 May 2022 comprised the Company and its subsidiaries (collectively, the "**Group**"). The principal activity of the Company is investment holding. The principal activities of the Group are construction, dormitory, investment holding and property development.

The Company's immediate and ultimate holding company is Ong Sek Chong & Sons Pte Ltd, which is incorporated and domiciled in Singapore.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 November 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (SGD or S$) and all values in the tables are rounded to the nearest thousand (S$'000) except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has adopted all the new and revised standards which are effective as of 1 June 2021. The adoption of these new standards did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.2 Use of judgements and estimates

In the process of applying the Group's accounting policies, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

2.2.1 Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements as follows:

Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgment made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

2.2.2 Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

(i) Revenue recognition on construction contracts and development properties under construction

For contract revenue from construction contracts and the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the goods and services promised to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Significant judgements are used to estimate these total contract costs to complete and total contract consideration. In making these estimates, management has relied on the expertise of the project directors to determine the progress of the construction and also on past experience of completed projects.

The carrying amounts of contract assets and contract liabilities arising from construction contracts and sale of development properties as at 31 May 2022 were S$113,333,000 and S$52,689,000 (2021: S$85,814,000 and S$44,011,000) respectively.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

2.2.2 Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows: (cont'd)

(ii) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amounts of trade receivables and contract assets as at 31 May 2022 were S$66,529,000 and S$113,333,000 (2021: S$62,344,000 and S$85,814,000) respectively.

(iii) Estimation of net realisable value of development properties

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties as at 31 May 2022 was S$120,062,000 (2021: S$180,892,000).

(iv) Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss.

The Group engaged independent valuation specialists to determine fair value as at 31 May 2022. The valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The first involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the fair value of the properties. The second involves the conversion of the net income of the properties into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The fair value of the properties is arrived at by capitalising the net income at a suitable rate of return.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

2.2.2 Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows: (cont'd)

(iv) Fair value measurement of investment properties (cont'd)

The carrying amount of investment properties as at 31 May 2022 was S$674,201,000 (2021: S$681,485,000).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period/year.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four operating segments as follows:

(i) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties, and civil engineering projects as the main contractor. The construction segment also engages in other construction-related activities such as the provision of scaffolding and engineering services, sale of ready-mix concrete, reinforcement bar fabrication, and leasing of construction machinery;

(ii) The dormitory segment is involved in the rental of dormitory units and provision of dormitory accommodation services;

(iii) The investment holding segment holds investments in properties and quoted and unquoted securities for long-term capital appreciation and recurring income such as rental, interest, dividend and distribution income; and

(iv) The property development segment, which includes its fund management and investment segment, is undertaken by the Company's listed subsidiary SLB and its subsidiaries ("SLB Group"). This segment includes the development and sale of properties (residential, commercial and industrial), provision of development management services, as a fund manager, as well as investment in the funds managed by fund managers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

4.1 Reportable segment

2H2022	Construction	Dormitory	Investment holding	Property development	Adjustments and eliminations	Note	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000
Revenue:							
External customers	329,352	11,631	17,102	52,936	–		411,021
Inter-segment	–	13	8,877	–	(8,890)	A	–
Total revenue	329,352	11,644	25,979	52,936	(8,890)		411,021
Results:							
Interest income [(1)]	80	409	3,730	1,690	(299)		5,610
Dividend income [(1)]	–	–	961	2	–		963
Finance costs	778	1,197	3,536	1,700	(299)		6,912
Depreciation and amortisation	8,491	47	1,269	85	(2)		9,890
Share of results of associates	–	2,086	5,058	9,730	–		16,874
Share of results of joint ventures	(7)	–	2,342	14	–		2,349
Fair value gain on investment properties	–	5,000	1,702	–	–		6,702
Other non-cash expenses/(income):							
Amortisation of capitalised contract costs	–	–	–	2,955	–		2,955
Impairment losses on financial assets	1,303	–	1,225	–	–		2,528
Impairment loss on property, plant and equipment	32	–	–	–	–		32
Write-back of provisions	(577)	–	–	(2,286)	–		(2,863)
Bad debts written off	–	36	–	–	–		36
Segment (loss)/profit	(3,524)	15,568	16,176	19,711	121	B	48,052

4.1 Reportable segment (cont'd)

2H2021	Construction	Dormitory	Investment holding	Property development	Adjustments and eliminations	Note	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000
Revenue:							
External customers	271,393	8,830	13,411	23,353	–		316,987
Inter-segment	3	–	12,103	–	(12,106)	A	–
Total revenue	271,396	8,830	25,514	23,353	(12,106)		316,987
Results:							
Interest income [(1)]	44	415	3,755	1,625	(297)		5,542
Dividend income [(1)]	125	–	447	1	–		573
Finance costs	404	1,121	3,433	1,871	(296)		6,533
Depreciation and amortisation	6,275	42	1,562	105	(13)		7,971
Share of results of associates	–	150	(3,480)	5,247	–		1,917
Share of results of joint ventures	(4)	–	(3,417)	62	–		(3,359)
Fair value gain/(loss) on investment properties	1,120	3,000	(5,767)	–	–		(1,647)
Other non-cash expenses:							
Amortisation of capitalised contract costs	–	–	–	992	–		992
Impairment losses on financial assets	500	–	1,653	–	–		2,153
Impairment loss on property, plant and equipment	218	–	–	–	–		218
Provisions	1,477	–	–	2,679	–		4,156
Segment profit/(loss)	2,679	10,082	(4,567)	8,252	1,025	B	17,471

4.1 Reportable segment (cont'd)

FY2022	Construction	Dormitory	Investment holding	Property development	Adjustments and eliminations	Note	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000
Revenue:							
External customers	639,486	21,970	34,062	92,818	–		788,336
Inter-segment	2	55	19,051	–	(19,108)	A	–
Total revenue	639,488	22,025	53,113	92,818	(19,108)		788,336
Results:							
Interest income [(1)]	136	800	7,644	3,391	(573)		11,398
Dividend income [(1)]	–	–	1,611	4	–		1,615
Finance costs	1,322	2,309	7,341	3,487	(573)		13,886
Depreciation and amortisation	15,322	92	2,767	173	(6)		18,348
Share of results of associates	–	4,932	5,709	18,940	–		29,581
Share of results of joint ventures	(9)	–	4,173	368	–		4,532
Fair value gain on investment properties	–	5,000	1,702	–	–		6,702
Other non-cash expenses/(income):							
Amortisation of capitalised contract costs	–	–	–	5,286	–		5,286
Impairment losses on financial assets	1,369	–	1,225	–	–		2,594
Impairment loss on property, plant and equipment	32	–	–	–	–		32
Write-back of provisions	(923)	–	–	(2,286)	–		(3,209)
Bad debts written off	–	40	–	–	–		40
Segment (loss)/profit	(10,457)	25,391	24,379	35,195	205	B	74,713
31 May 2022							
Assets:							
Investment in associates	–	19,948	21,801	14,269	(10)		56,008
Investment in joint ventures	280	–	21,745	2,082	–		24,107
Additions to non-current assets	65,200	68	75	53	–	C	65,396
Segment assets	708,548	327,603	1,021,017	386,687	(388,923)	D	2,054,932
Segment liabilities	400,149	153,233	705,706	194,654	(295,802)	E	1,157,940

4.1 Reportable segment (cont'd)

FY2021	Construction	Dormitory	Investment holding	Property development	Adjustments and eliminations	Note	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000
Revenue:							
External customers	427,461	19,225	25,417	42,387	–		514,490
Inter-segment	3	–	14,973	–	(14,976)	A	–
Total revenue	427,464	19,225	40,390	42,387	(14,976)		514,490
Results:							
Interest income [(1)]	133	851	7,583	3,262	(571)		11,258
Dividend income [(1)]	323	–	821	1	–		1,145
Finance costs	746	2,235	6,797	2,954	(571)		12,161
Depreciation and amortisation	13,131	86	2,996	295	(65)		16,443
Share of results of associates	–	3,537	(4,117)	7,087	–		6,507
Share of results of joint ventures	(5)	–	(1,511)	(241)	–		(1,757)
Fair value gain/(loss) on investment properties	1,120	3,000	(5,767)	–	–		(1,647)
Other non-cash expenses:							
Amortisation of capitalised contract costs	–	–	–	1,979	–		1,979
Impairment losses on financial assets	588	–	1,653	–	–		2,241
Impairment loss on property, plant and equipment	218	–	–	–	–		218
Provisions	1,477	–	–	2,679	–		4,156
Segment profit	1,622	20,226	5,251	14,273	1,026	B	42,398
31 May 2021							
Assets:							
Investment in associates	–	19,915	16,300	(4,592)	(145)		31,478
Investment in joint ventures	289	–	11,156	2,315	(65)		13,695
Additions to non-current assets	22,346	80	123,030	29	–	C	145,485
Segment assets	622,791	330,295	1,046,508	401,425	(446,866)	D	1,954,153
Segment liabilities	300,195	160,302	724,709	222,505	(310,399)	E	1,097,312

4.1 Reportable segment (cont'd)

Notes:

(1) Included in revenue and other operating income.

A. Inter-segment revenues are eliminated on consolidation.

B. Profit/(loss) from inter-segment sales are added to/(deducted from) segment profit/(loss) to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income.

C. Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

D. Investment in associates, investment in joint ventures, deferred tax assets, tax recoverable and inter-segment assets are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position.

E. Deferred tax liabilities, provision for taxation and inter-segment liabilities are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

4.2 Disaggregation of revenue

2H2022	Construction S$'000	Dormitory S$'000	Investment holding S$'000	Property development S$'000	Total revenue S$'000
Primary geographical market					
Singapore	329,352	11,631	15,366	52,686	409,035
Others	–	–	1,736	250	1,986
	329,352	11,631	17,102	52,936	411,021
Major revenue streams					
Construction contracts revenue	288,424	–	–	–	288,424
Revenue from sale of goods	36,255	–	–	–	36,255
Revenue from rendering of services	166	–	1,623	–	1,789
Rental and service income from dormitories	–	11,631	–	–	11,631
Sale of development properties	–	–	–	52,495	52,495
Rental, interest, dividend and distribution income	4,507	–	15,479	441	20,427
	329,352	11,631	17,102	52,936	411,021
Timing of transfer of goods or services					
Over time	288,590	362	1,623	52,495	343,070
At a point in time	36,255	364	–	–	36,619
Rental income from dormitories and other rental, interest, dividend and distribution income	4,507	10,905	15,479	441	31,332
	329,352	11,631	17,102	52,936	411,021

2H2021	Construction S$'000	Dormitory S$'000	Investment holding S$'000	Property development S$'000	Total revenue S$'000
Primary geographical market					
Singapore	271,393	8,830	12,194	23,201	315,618
Others	–	–	1,217	152	1,369
	271,393	8,830	13,411	23,353	316,987
Major revenue streams					
Construction contracts revenue	239,276	–	–	–	239,276
Revenue from sale of goods	30,223	–	–	–	30,223
Revenue from rendering of services	50	–	2,730	–	2,780
Rental and service income from dormitories	–	8,830	–	–	8,830
Sale of development properties	–	–	–	23,013	23,013
Rental, interest, dividend and distribution income	1,844	–	10,681	340	12,865
	271,393	8,830	13,411	23,353	316,987
Timing of transfer of goods or services					
Over time	239,326	276	2,730	23,013	265,345
At a point in time	30,223	227	–	–	30,450
Rental income from dormitories and other rental, interest, dividend and distribution income	1,844	8,327	10,681	340	21,192
	271,393	8,830	13,411	23,353	316,987

4.2 Disaggregation of revenue (cont'd)

FY2022	Construction S$'000	Dormitory S$'000	Investment holding S$'000	Property development S$'000	Total revenue S$'000
Primary geographical market					
Singapore	639,486	21,970	30,663	92,374	784,493
Others	–	–	3,399	444	3,843
	639,486	21,970	34,062	92,818	788,336
Major revenue streams					
Construction contracts revenue	562,083	–	–	–	562,083
Revenue from sale of goods	68,647	–	–	–	68,647
Revenue from rendering of services	376	–	4,348	–	4,724
Rental and service income from dormitories	–	21,970	–	–	21,970
Sale of development properties	–	–	–	91,990	91,990
Rental, interest, dividend and distribution income	8,380	–	29,714	828	38,922
	639,486	21,970	34,062	92,818	788,336
Timing of transfer of goods or services					
Over time	562,459	698	4,348	91,990	659,495
At a point in time	68,647	540	–	–	69,187
Rental income from dormitories and other rental, interest, dividend and distribution income	8,380	20,732	29,714	828	59,654
	639,486	21,970	34,062	92,818	788,336

FY2021	Construction S$'000	Dormitory S$'000	Investment holding S$'000	Property development S$'000	Total revenue S$'000
Primary geographical market					
Singapore	427,461	19,225	23,010	42,033	511,729
Others	–	–	2,407	354	2,761
	427,461	19,225	25,417	42,387	514,490
Major revenue streams					
Construction contracts revenue	376,716	–	–	–	376,716
Revenue from sale of goods	48,216	–	–	–	48,216
Revenue from rendering of services	70	–	5,552	–	5,622
Rental and service income from dormitories	–	19,225	–	–	19,225
Sale of development properties	–	–	–	41,709	41,709
Rental, interest, dividend and distribution income	2,459	–	19,865	678	23,002
	427,461	19,225	25,417	42,387	514,490
Timing of transfer of goods or services					
Over time	376,786	553	5,552	41,709	424,600
At a point in time	48,216	351	–	–	48,567
Rental income from dormitories and other rental, interest, dividend and distribution income	2,459	18,321	19,865	678	41,323
	427,461	19,225	25,417	42,387	514,490

4.3 A breakdown of sales

	Group		
	FY2022 S$'000	**FY2021** S$'000	Increase/ (Decrease) %
Revenue reported for first half year	377,315	197,503	91.0
Operating profit after tax before deducting non-controlling interests reported for first half year	23,752	22,164	7.2
Revenue reported for second half year	411,021	316,987	29.7
Operating profit after tax before deducting non-controlling interests reported for second half year	41,540	12,991	219.8

5. Financial assets and financial liabilities

	Group		Company	
	31 May 2022 S$'000	**31 May 2021** S$'000	**31 May 2022** S$'000	**31 May 2021** S$'000
Financial assets at FVPL				
Investment securities	6,296	6,288	–	–
Financial assets at FVOCI				
Investment securities	184,181	160,814	13,228	12,621
Financial assets at amortised cost				
Trade receivables	65,126	60,774	–	–
Other receivables and deposits	21,804	18,891	710	123
Amounts due from subsidiaries	–	–	216,470	224,385
Amounts due from joint ventures	59,548	68,447	54,947	54,947
Amounts due from associates	234,100	227,296	–	–
Cash and cash equivalents	228,893	208,632	7,554	10,114
	609,471	584,040	279,681	289,569
Financial liabilities at amortised cost				
Trade and other payables	238,315	223,634	39	27
Accruals	25,006	21,552	142	137
Amounts due to joint ventures	950	950	–	–
Amounts due to associates	1,554	1,199	–	–
Amounts due to subsidiaries	–	–	218,679	234,303
Bank loans and bills payable	763,993	769,014	–	–
Lease liabilities	62,085	15,777	–	–
	1,091,903	1,032,126	218,860	234,467

6. Profit before taxation

6.1 Significant items

	Group			
	2H2022	**2H2021**	**FY2022**	**FY2021**
	S$'000	S$'000	S$'000	S$'000
Other operating income:				
Dividend income	–	125	–	323
Fair value gain on investment securities	–	437	–	887
Gain on foreign exchange, net	–	2,645	–	5,470
Gain on disposal of investment securities	173	560	173	560
Gain on disposal of property, plant and equipment	257	163	894	412
Gain on disposal of investment properties	320	–	462	–
Government grants and incentives	2,140	5,664	5,437	18,794
Interest income	2,747	2,850	5,676	5,775
Rental income from development properties	2,256	1,809	4,071	1,809
Others	2,039	792	3,178	2,043
	9,932	15,045	19,891	36,073
Other operating expenses:				
Bad debts written off	(40)	–	(40)	–
Depreciation of property, plant and equipment	(3,312)	(2,233)	(5,910)	(4,743)
Fair value loss on investment securities	(512)	–	(1,224)	–
Grant expenses	–	(857)	–	(1,736)
Impairment loss on property, plant and equipment	(32)	(218)	(32)	(218)
Loss on foreign exchange, net	(1,390)	–	(3,676)	–
Management fees	(341)	(283)	(617)	(590)
Property tax	(1,062)	(972)	(2,015)	(1,780)
Others	(810)	(525)	(1,247)	(995)
	(7,499)	(5,088)	(14,761)	(10,062)

6.2 Significant related party transaction

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the period/year:

	Group			
	2H2022	**2H2021**	**FY2022**	**FY2021**
	S$'000	S$'000	S$'000	S$'000
Rental income – other related parties	3	3	7	7
Management fee income – joint ventures	114	142	213	239
Construction revenue – associates	43,166	16,912	74,410	25,258
Supply of labour – associates	30	30	60	60

7. Income tax expense

	Group			
	2H2022	**2H2021**	**FY2022**	**FY2021**
	S$'000	S$'000	S$'000	S$'000
Current taxation	5,529	7,073	7,495	8,970
Deferred taxation	815	(2,597)	1,750	(1,739)
Withholding tax	168	4	176	12
Income tax expense recognised in the statement of comprehensive income	6,512	4,480	9,421	7,243

8. Dividends

	Group	
	FY2022	**FY2021**
	S$'000	S$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Tax-exempt (one-tier) final dividend paid in respect of FY2021 of 1.0 Singapore cent per share (FY2020: Nil)	4,997	–
- Tax-exempt (one-tier) interim dividend paid in respect of FY2022 of 1.0 Singapore cent per share (FY2021: Nil)	4,997	–
	9,994	–
Proposed but not yet recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the Annal General Meeting:		
- Tax-exempt (one-tier) final dividend proposed in respect of FY2022 of 2.0 Singapore cents per share (FY2021: 1.0 Singapore cent)	9,994	4,997

9. Earnings per share – basic and diluted

	Group			
	2H2022	**2H2021**	**FY2022**	**FY2021**
	S$'000	S$'000	S$'000	S$'000
Profit attributable to owners of the Company	28,584	8,454	43,460	26,068
Weighted average number of shares in issue ('000)	499,689	499,689	499,689	499,689
Earnings per share (Singapore cents)				
Basic and diluted	5.72	1.69	8.70	5.22

As there were no share options and warrants granted during FY2022 and FY2021, and no share options and warrants outstanding as at the end of FY2022 and FY2021, the basic and fully diluted earnings per share are the same.

10. Net asset value

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
Net asset value per ordinary share (Singapore cents) based on the total number of issued shares excluding treasury shares	153.40	148.10	48.03	48.36

11. Investment securities

	Group		Company	
	31 May 2022	31 May 2021	31 May 2022	31 May 2021
	S$'000	S$'000	S$'000	S$'000
Current				
At FVPL				
– Quoted equity investments (SGD)	2,715	2,988	–	–
– Quoted equity investments (HKD)	633	669	–	–
– Quoted equity investments (USD)	756	330	–	–
– Quoted debt investments (GBP)	–	2,301	–	–
– Quoted debt investments (AUD)	2,192	–	–	–
	6,296	6,288	–	–
At FVOCI				
– Quoted equity investments (SGD)	2,384	372	–	–
– Quoted equity investments (USD)	331	272	–	–
– Quoted equity investments (AUD)	11	12	–	–
– Quoted debt investments (SGD)	6,699	4,808	–	–
– Quoted debt investments (USD)	4,169	334	–	–
– Quoted debt investments (AUD)	20	4	–	–
	13,614	5,802	–	–
Total current investment securities	19,910	12,090	–	–
Non-current				
At FVOCI				
– Quoted equity investments (SGD)	44,536	50,825	–	–
– Quoted equity investments (HKD)	13,520	12,621	13,228	12,621
– Quoted equity investments (USD)	27,177	26,067	–	–
– Quoted equity investments (GBP)	1,648	1,831	–	–
– Quoted equity investments (AUD)	4,264	5,098	–	–
– Quoted debt investments (SGD)	34,815	31,916	–	–
– Quoted debt investments (USD)	7,106	13,737	–	–
– Quoted debt investments (AUD)	2,212	1,012	–	–
– Unquoted equity investments (SGD)	7,681	439	–	–
– Unquoted equity investments (USD)	5,543	2,525	–	–
– Unquoted equity investments (GBP)	11,370	4,966	–	–
– Unquoted equity investments (AUD)	8,070	3,975	–	–
– Unquoted equity investments (EUR)	2,625	–	–	–
Total non-current investment securities	170,567	155,012	13,228	12,621

11. Investment securities (cont'd)

Derecognition of equity investments designated at FVOCI

During FY2022, the Group had received capital refund, redeemed and disposed of certain equity investments designated at FVOCI with a fair value of S$15,213,000 (FY2021: S$10,747,000) on the date when the equity investments were refunded, redeemed or disposed. The cumulative gain on disposal during FY2022 of S$7,000 (FY2021: S$705,000) was reclassified from fair value reserve to retained earnings.

11.1 Fair value measurement

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices in active market included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are obtained from various sources including market participants, dealers, fund managers and brokers, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

11.1 Fair value measurement (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group **31 May 2022**	**Quoted prices in active markets for identical instruments** (Level 1) S$'000	**Significant observable inputs other than quoted prices** (Level 2) S$'000	**Significant unobservable inputs** (Level 3) S$'000	**Total** S$'000
Financial assets measured at fair value:				
Financial assets at FVPL				
- Quoted equity investments (SGD)	2,715	–	–	2,715
- Quoted equity investments (HKD)	633	–	–	633
- Quoted equity investments (USD)	756	–	–	756
- Quoted debt investments (AUD)	–	2,192	–	2,192
Financial assets at FVOCI				
- Quoted equity investments (SGD)	2,797	44,123	–	46,920
- Quoted equity investments (HKD)	13,520	–	–	13,520
- Quoted equity investments (USD)	–	27,508	–	27,508
- Quoted equity investments (GBP)	1,648	–	–	1,648
- Quoted equity investments (AUD)	–	4,275	–	4,275
- Quoted debt investments (SGD)	–	41,514	–	41,514
- Quoted debt investments (USD)	–	11,275	–	11,275
- Quoted debt investments (AUD)	–	2,232	–	2,232
- Unquoted equity investments (SGD)	–	–	7,681	7,681
- Unquoted equity investments (USD)	–	–	5,543	5,543
- Unquoted equity investments (GBP)	–	–	11,370	11,370
- Unquoted equity investments (AUD)	–	–	8,070	8,070
- Unquoted equity investments (EUR)	–	–	2,625	2,625
	22,069	133,119	35,289	190,477

11.1 Fair value measurement (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

Group **31 May 2021**	**Quoted prices in active markets for identical instruments** (Level 1) S$'000	**Significant observable inputs other than quoted prices** (Level 2) S$'000	**Significant unobservable inputs** (Level 3) S$'000	**Total** S$'000
Financial assets measured at fair value:				
Financial assets at FVPL				
- Quoted equity investments (SGD)	2,988	–	–	2,988
- Quoted equity investments (HKD)	669	–	–	669
- Quoted equity investments (USD)	330	–	–	330
- Quoted debt investments (GBP)	–	2,301	–	2,301
Financial assets at FVOCI				
- Quoted equity investments (SGD)	3,877	47,320	–	51,197
- Quoted equity investments (HKD)	12,621	–	–	12,621
- Quoted equity investments (USD)	–	26,339	–	26,339
- Quoted equity investments (GBP)	1,831	–	–	1,831
- Quoted equity investments (AUD)	–	5,110	–	5,110
- Quoted debt investments (SGD)	–	36,724	–	36,724
- Quoted debt investments (USD)	–	14,071	–	14,071
- Quoted debt investments (AUD)	–	1,016	–	1,016
- Unquoted equity investments (SGD)	–	–	439	439
- Unquoted equity investments (USD)	–	–	2,525	2,525
- Unquoted equity investments (GBP)	–	–	4,966	4,966
- Unquoted equity investments (AUD)	–	–	3,975	3,975
	22,316	132,881	11,905	167,102
Company **31 May 2022**				
Financial assets measured at fair value:				
Financial assets at FVOCI				
- Quoted equity investments (HKD)	13,228	–	–	13,228
Company **31 May 2021**				
Financial assets measured at fair value:				
Financial assets at FVOCI				
- Quoted equity investments (HKD)	12,621	–	–	12,621

11.1 Fair value measurement (cont'd)

(c) *Level 3 fair value measurements*

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation techniques	Unobservable inputs	Range
31 May 2022			
Unquoted equity investments	Net asset valuation	Note 1	Not applicable
31 May 2021			
Unquoted equity investments	Net asset valuation	Note 1	Not applicable

Note 1 – Unquoted equity investments

The fair values of unquoted equity investments are determined based on the fair values of the underlying assets and liabilities of the investee company.

(ii) Movement in Level 3 assets and liabilities measured at fair value

	Group	
	31 May 2022	**31 May 2021**
	S$'000	S$'000
Financial assets at FVOCI		
Unquoted equity investments		
Balance at beginning of year	11,905	7,713
Total gains/(losses) for the year included in OCI	2,991	(546)
Purchases	24,573	4,738
Capital refund, redemption and disposal	(4,180)	–
Balance at end of year	35,289	11,905

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during FY2022 and FY2021.

12. Property, plant and equipment

The acquisition and disposal of property, plant and equipment during the period/year is as follow:

	Group			
	2H2022	**2H2021**	**FY2022**	**FY2021**
	S$'000	S$'000	S$'000	S$'000
Acquisition	47,226	15,891	65,352	22,517
Disposal	71	1	131	60

13. Investment properties

The Group's investment properties consist of dormitory, offices, commercial and residential properties, which are held for long-term rental yields and/or capital appreciation. They are mainly leased to third parties under operating leases.

Statement of financial position:

	Group	
	31 May 2022	**31 May 2021**
	S$'000	S$'000
Balance at beginning of year	681,485	560,164
- Acquisition during the financial year	–	122,855
- Additions during the financial year	44	113
- Disposal during the financial year	(9,330)	–
- Reclassified to investment property held for sale	(5,243)	–
- Straight-lining of rental income	543	–
- Net fair value gain/(loss) recognised in the statement of comprehensive income	6,702	(1,647)
Balance at end of year	674,201	681,485

14. Bank loans and bills payable

	Group		Company	
	31 May 2022	**31 May 2021**	**31 May 2022**	**31 May 2021**
	S$'000	S$'000	S$'000	S$'000
Amount repayable within one year or on demand				
Secured	306,679	298,147	–	–
Less: Prepaid facility fee	(90)	(90)	–	–
	306,589	298,057	–	–
Amount repayable after one year				
Secured	457,659	471,302	–	–
Less: Prepaid facility fee	(255)	(345)	–	–
	457,404	470,957	–	–
Total	763,993	769,014	–	–

The Group's bank loans are generally secured by corporate guarantee provided by the Group and the assignment of rights, titles and benefits with respect to certain property, plant and equipment, investment properties, development properties, investment securities, fixed deposits and bank balances.

15. Share capital and treasury shares

(a) Share capital

	Group and Company			
	31 May 2022		31 May 2021	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid ordinary shares:				
At beginning and end of financial year	529,760	82,275	529,760	82,275

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Outstanding convertibles and subsidiary holdings
The Company did not have any outstanding share convertibles or subsidiary holdings as at 31 May 2022 and 31 May 2021.

(b) Treasury shares

	Group and Company			
	31 May 2022		31 May 2021	
	No. of shares '000	S$'000	No. of shares '000	S$'000
At beginning and end of financial year	(30,071)	(17,777)	(30,071)	(17,777)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during 2H2022, 2H2021, FY2022 and FY2021.

Total number of issued shares excluding treasury shares as at 31 May 2022 and 31 May 2021 were 499,689,000.

16. Subsequent events

– On 9 June 2022, the Group, through its wholly-owned subsidiary, entered into share purchase agreement to acquire Food Empire Real Estates Pte. Ltd. (the “FERE”). FERE is the registered proprietor of a freehold industrial property located at 31 Harrison Road, Singapore (the “Property"). The aggregate purchase consideration is the adjusted net asset value of FERE on completion date, calculated based on an agreed formula which shall take into account the Property's value of S$49,250,000. The Group will also grant a new shareholder loan to FERE to replace its existing loan. On completion, the Property will be recorded as an investment property.

– On 8 June 2022, the Group, through its wholly-owned subsidiary, completed the disposal of a residential investment property which was classified as an investment property held for sale as at 31 May 2022.

– On 8 June 2022, SLB Development Ltd and its subsidiaries (the “SLB Group”) completed the acquisition of a 2–storey property at Nos 17 to 33 Jalan Sultan.

– On 23 June 2022, SLB Group completed the acquisition of 30 and 31 North Canal Road.

– On 25 July 2022, SLB Group subscribed for 15 ordinary shares in the capital of KSH Ultra Unity Pte. Ltd (“KSHUU”) for an aggregate cash consideration of $15. Following the subscription, the Group hold 15% of the paid–up capital of KSHUU.

– On 26 July 2022, SLB Group’s 15%-owned associated company, KSHUU successfully tendered for the collective purchase (“Purchase”) of all the lots and the common property comprised in Strata Title Plan No. 1652 in the development known as Euro-Asia Apartments at 1037 Serangoon Road Singapore 328170 at the purchase price of S$222,180,000. The completion of the Purchase is subject to the fulfilment of applicable terms and conditions.

1. Review

The condensed consolidated statement of financial position of Lian Beng Group Ltd and its subsidiaries as at 31 May 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

A) Comprehensive Income Statements

FY2022 vs FY2021

Revenue

The Group recorded revenue of S$788.3 million in FY2022 (2H2022: S$411.0 million), an increase of 53.2% from S$514.5 million in FY2021 (2H2021: S$317.0 million), mainly due to higher revenue generated by all business segments.

Revenue from the Construction Segment rose 49.6% from a low base of S$427.5 million in FY2021 (2H2021: S$271.4 million) to S$639.5 million in FY2022 (2H2022: S$329.4 million). The higher revenue in FY2022 reflect a year-on-year improvement in the level of construction activity and progress made in various construction projects, in contrast to a marked slowdown in construction activity in FY2021 due to manpower disruption from the workers' movement control and stringent safe management measures arising from the Covid-19 pandemic.

Revenue from the Property Development Segment rose by 119.0% from S$42.4 million in FY2021 (2H2021: S$23.4 million) to S$92.8 million in FY2022 (2H2022: S$52.9 million), mainly due to the increase in the number of units sold in FY2022, along with the higher revenue recognition from construction progress made in the development of INSPACE. The higher revenue was partially offset by the decrease in revenue recognised from Mactaggart Foodlink, which obtained its temporary occupation permit in March 2021.

Revenue from the Investment Holding and Dormitory Segment increased by 25.5% to S$56.0 million in FY2022 (2H2022: S$28.7 million), from S$44.6 million in FY2021 (2H2021: S$22.2 million), mainly due to contribution from the investment property BreadTalk IHQ, following the completion of its acquisition in April 2021, along with higher occupancy and rent generated by the Group's dormitory business.

Cost of sales

In line with the increased business activity, and higher labour and material costs incurred by the Construction Segment, cost of sales rose by 55.1% to S$705.1 million in FY2022 (2H2022: S$361.3 million), from S$454.7 million in FY2021 (2H2021: S$282.0 million).

Gross profit

As a result of the above, gross profit increased 39.2% to S$83.2 million in FY2022 (2H2022: S$49.7 million), from S$59.8 million in FY2021 (2H2021: S$35.0 million).

2. Review of Performance of the Group (cont'd)

A) Comprehensive Income Statements (cont'd)

FY2022 vs FY2021 (cont'd)

Operating income
Other operating income fell 44.9% to S$19.9 million in FY2022 (2H2022: S$9.9 million), from S$36.1 million in FY2021 (2H2021: S$15.0 million). This was mainly due to a significant decrease in Covid-19 related grants and incentives extended by the Singapore government. The decrease was offset by higher rental income of S$2.3 million from development property Thye Hong Centre which was acquired in December 2020.

Operating expenses
Distribution expenses rose 130.1%, from S$2.5 million in FY2021 (2H2021: S$1.3 million) to S$5.8 million to FY2022 (2H2022: S$3.3 million), mainly due to higher marketing expenses incurred for INSPACE, in line with the increase in number of units sold and progress made in the construction of the project.

Other operating expenses increased by S$4.7 million from S$10.0 million in FY2021 (2H2021: S$5.1 million) to S$14.8 million in FY2022 (2H2022: S$7.5 million), mainly due to net unrealised exchange loss of S$3.7 million in FY2022 (2H2022: S$1.4 million). The unrealised exchange loss mainly arose from the revaluation of the Group's (i) assets denominated in British Pound and Australian Dollar following the depreciation of these currencies against the Singapore Dollar, and (ii) US Dollar denominated bank loans as a result of the appreciation of US Dollar against Singapore Dollar.

Finance cost increased 14.2% from S$12.2 million in FY2021 (2H2021: S$6.5 million) to S$13.9 million in FY2022 (2H2022: S$6.9 million), mainly due to the increase in interest expense on bank loans drawn down for development property Thye Hong Centre and investment property BreadTalk IHQ, which were acquired in December 2020 and April 2021 respectively.

Share of profit from associates and joint ventures
Share of profit from associates increased to S$29.6 million in FY2022 (2H2022: S$16.9 million) from S$6.5 million in FY2021 (2H2021: S$1.9 million), on the back of:

(i) higher development profits from the sale of units in Affinity @ Serangoon and Riverfront Residences, along with progress made in the construction of these projects;
(ii) share of fair value gain from the associates' investment properties in FY2022, compared to share of fair value loss in FY2021; and
(iii) share of profits from the associates' hospitality business in the United Kingdom due to improved room occupancies and room rates, as well as reversal of impairment losses on the hotel properties arising from the lifting of movement and travel restrictions.

Share of profit from joint ventures was S$4.5 million in FY2022 (2H2022: S$2.3 million), compared to a share of loss of S$1.8 million in FY2021 (2H2021: S$3.3 million). This was mainly due to a share of fair value gain on the joint venture's investment properties of S$0.5 million in FY2022, compared to share of fair value loss of S$5.1 million in FY2021.

Profit before taxation
Overall, the Group recorded a 76.2% increase in profit before tax to S$74.7 million in FY2022 (2H2022: S$48.1 million), from S$42.4 million in FY2021 (2H2021: S$17.5 million), due to higher profit recorded in Investment Holding, Dormitory and Property Development Segment, offset by a loss recorded by Construction Segment as a result of higher cost of sales.

2. Review of Performance of the Group (cont'd)

A) Comprehensive Income Statements (cont'd)

FY2022 vs FY2021 (cont'd)

Taxation
In line with the higher taxable profit, the Group's income tax expense increased from S$7.2 million in FY2021 (2H2021: S$4.5 million) to S$9.4 million in FY2022 (2H2022: S$6.5 million).

Profit attributable to owners of the Company and non-controlling interests
Profit attributable to non-controlling interest increased by 140.3% from S$9.1 million in FY2021 (2H2021: S$4.5 million) to S$21.8 million in FY2022 (2H2022: S$13.0 million) mainly due to higher profit contribution from the Group's 77.6%-owned Property Development subsidiary, SLB.

Taking into account all the above, profit attributable to owners of the Company increased by 66.7% to S$43.5 million in FY2022 (2H2022: S$28.6 million), from S$26.1 million in FY2021 (2H2021: S$8.5 million).

B) Financial Position Statements

Current and non-current assets
Property, plant and equipment increased from S$180.2 million in May 2021 to S$227.0 million in May 2022, mainly due to the Group's new lease of a land plot at Jurong Port for the construction of a ready-mix concrete plant, as well as the acquisition of heavy-duty tower cranes of S$16.8 million for the Group's equipment leasing activities.

Investment in joint ventures increased from S$13.7 million in May 2021 to S$24.1 million in May 2022, mainly due to share of profit from joint ventures of S$4.5 million in FY2022, and a reclassification of S$6.4 million in amount due from a joint venture.

Investment in associates increased from S$31.5 million in May 2021 to S$56.0 million in May 2022, mainly due to share of profit from associates S$29.6 million in FY2022, offset by dividend income of S$5.1 million from associates.

Total investment securities increased from S$167.1 million in May 2021 to S$190.5 million in May 2022, mainly due to S$55.4 million increase in investment securities for recurring income. This was partially offset by proceeds from capital refund, redemption and disposal of S$24.4 million and fair value loss.

Contract assets increased to S$113.3 million in May 2022 from S$85.8 million in May 2021, mainly due to higher contract assets recognised for development project INSPACE as more units were sold during FY2022.

Capitalised contract costs increased from S$1.4 million in May 2021 to S$2.7 million in May 2022, mainly due to an increase in marketing expenses capitalised from the sale of development units at INSPACE during FY2022.

Development properties decreased from S$180.9 million in May 2021 to S$120.1 million in May 2022, mainly due to an increase in the sale of development units of INSPACE.

2. Review of Performance of the Group (cont'd)

B) Financial Position Statements (cont'd)

Current and non-current assets (cont'd)
Amount due from joint ventures decreased from S$68.4 million in May 2021 to S$59.5 million in May 2022, mainly due to repayment of S$2.3 million from a joint venture and reclassification of S$6.4 million to investment in joint ventures.

Current and non-current liabilities
Contract liabilities increased from S$44.0 million in May 2021 to S$52.7 million in May 2022, mainly due to higher contract liabilities from the construction of Avenue South Residence project.

Accruals increased from S$21.6 million in May 2021 to S$25.0 million in May 2022, mainly due to an increase in accrued operating expenses.

Total lease liabilities increased from S$15.8 million in May 2021 to S$62.1 million in May 2022, mainly due to acquisition of property, plant and equipment through hire purchase and new leases during FY2022.

Provision for taxation decreased from S$9.0 million in May 2021 to S$6.9 million in May 2022, taking into account of provision for the current year's tax expense of S$7.6 million, offset by income tax paid of S$9.7 million.

C) Cash Flow Statements

In FY2022, cash and cash equivalents (excluding fixed deposits and bank balances pledged for bank loans) increased by S$8.0 million to S$215.6 million in May 2022. The increase takes into account net cash from operating activities of S$85.2 million, partially offset by net cash used in investing activities of S$17.9 million and financing activities of S$59.3 million.

Net cash from operating activities of S$85.2 million was mainly due to operating cash inflow before changes in working capital of S$60.6 million and net working capital inflow of S$34.3 million, partially offset by income tax paid of S$9.7 million.

Net cash used in investing activities of S$17.9 million mainly comprised purchase of investment securities of S$55.4 million and property, plant and equipment of S$12.6 million. This was partially offset by (i) net proceeds of S$24.4 million from the capital refund, redemption and disposal of investment securities, (ii) net proceeds from the disposal of investment properties of S$9.8 million, (iii) interest received of S$6.8 million, (iv) dividend received from associates of S$5.1 million, and (v) repayment of loans by joint ventures of S$2.3 million.

Net cash used in financing activities of S$59.3 million was mainly attributable to (i) payment for interest of S$13.2 million, (ii) placement of fixed deposits and cash at bank pledged for bank loans of S$13.0 million, (iii) dividend paid on ordinary shares of S$10.0 million; (iv) dividends amounting to S$8.8 million paid to non-controlling interests of subsidiaries, (v) repayment of lease liabilities of S$8.2 million and (vi) net repayment of bank loans and bills payable of S$6.3 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company refers to the announcement made on 6 January 2022 titled "SLB Development Ltd. ("SLB") profit guidance for half year ended 30 November 2021 in relation to the Group's results" (the "Previous Announcement"). In line with the Previous Announcement, the on-going Covid-19 situation continued to be challenging for the Group's Construction Segment in 2H2022. The increase in the Group's overall profit in 2H2022 and FY2022 is as a result of the increase in SLB's profit and the fair value gain of the Group's investment properties.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the Ministry of Trade and Industry Singapore advanced estimates released on 14 July 2022, Singapore's construction sector grew by 3.8% year-on-year in the second quarter of 2022 and 1.9% over the first quarter of 2022, in part due to the relaxation of border restrictions on inbound migrant workers. However, in absolute terms, the value-add of the construction sector remained 23.7% below its pre-pandemic level, as the inflow of migrant workers has not been sufficient to meet industry demand.

The prevailing labour shortage situation, along with rising construction material costs, is expected to pose operational challenges to both the property development and the construction industries, in the form of delays in construction progress amid strong pressure to complete existing projects and limit the impact of rising costs. In addition, the current interest rate environment is expected to raise the Group's cost of borrowing and consequently affect its overall margins.

The Group will continue to actively monitor the progress of its construction and property development projects, to ensure smooth development and completion, as well as take the necessary initiatives to moderate any financial impact. In addition, it will maintain financial prudence when seeking opportunities to replenish its property development land bank, in view of the additional property cooling measures implemented by the Singapore government.

As at 27 July 2022, the Group's Construction order book stands at S$1.7 billion. The Group will selectively tender for public and private sector projects, taking into consideration the prevailing market conditions.

Barring unforeseen circumstances, the Group expects the Dormitory and Investment Holding Segments to continue generating stable recurring income.

The Group will continue to prioritise cost control and exercise caution when exploring business opportunities in the region for sustainable growth.

5. Dividend information

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	Interim	Final (Proposed)	Total
Dividend type	Cash	Cash	Cash
Dividend amount per share (cents)	1.0	2.0	3.0
Tax rate	Tax-exempt (1-tier)	Tax-exempt (1-tier)	Tax-exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year Yes

Name of dividend	Interim	Final	Total
Dividend type	Nil	Cash	Cash
Dividend amount per share (cents)	Nil	1.0	1.0
Tax rate	Nil	Tax-exempt (1-tier)	Tax-exempt (1-tier)

5. Dividend information (cont'd)

(c) Date payable

The proposed final cash dividend, if approved during the Annual General Meeting to be held on 28 September 2022, will be paid on 14 October 2022.

(d) Record date

The Share Transfer Books and Register of Members of the Company will be closed on 7 October 2022, at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112, Robinson Road, #05-01 Singapore 068902, up to 5.00 p.m. on 7 October 2022 will be registered to determine shareholders' entitlements to the proposed final dividend.

Members whose shares are credited to the securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 7 October 2022 will be entitled to the proposed final dividend.

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

7. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Disclosure of person occupying managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to the Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr Ong Phang Hui PBM	48	Sibling of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon	Plant and Machinery Director. Mr Ong is responsible for overseeing the Group's Engineering Division, including the leasing of construction equipment as well as monitoring the progress of materials utilisation by the Group's Construction Division. In addition, he is responsible for overseeing the operations and management of the Group's ready-mix concrete business and the Resource and Transportation division. Position held since 1999.	Not applicable
Mr Ong Phang Hoo PBM	48	Sibling of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon	Project Director. Mr Ong is responsible for the Group's foreign labour planning and deployment functions, as well as the management of the Group's foreign workers training division. In addition, he is part of the management team that manages the Construction Division. Position held since 1999.	Not applicable
Ms Ong Lee Yap	56	Sibling of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon	Purchasing Director. Ms Ong manages the Purchasing Division and the Group's inter-company material and machinery logistics deployment. As the Purchasing Director, she oversees the purchasing planning and control through information collection and data analysis to observe trends. She also administers the Group's foreign workers' payroll function. Position held since 1999.	Not applicable
Mr Ong Eng Keong, Matthew	40	Son of Mr Ong Pang Aik. Nephew of Ms Ong Lay Huan and Ms Ong Lay Koon	Executive Director and Chief Executive Officer of SLB Development Ltd, a subsidiary of the Company and listed on SGX Catalist. Position held since 2018.	Not applicable
Ms Ong Sui Hui	43	Daughter of Mr Ong Pang Aik. Niece of Ms Ong Lay Huan and Ms Ong Lay Koon	Senior Contracts Manager. Ms Ong manages a team of Quantity Surveyors and oversees tenders and all subcontract matters. Position held since 2018.	Not applicable

9. Disclosure of person occupying managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to the Rule 704 (13) (cont'd)

Note:

Mr Ong Pang Aik (Chairman and Managing Director and Substantial Shareholder), Ms Ong Lay Huan (Executive Director and Substantial Shareholder) and Ms Ong Lay Koon (Executive Director) are siblings.

BY ORDER OF THE BOARD

Ong Pang Aik BBM (L)
Chairman and Managing Director
27 July 2022