聯明集團有限公司
LIAN BENG GROUP LTD

无限

UNLEASHING **INFINITE GROWTH** POTENTIAL

ANNUAL REPORT 2015

LIAN BENG GROUP LTD

ANNUAL REPORT 2015

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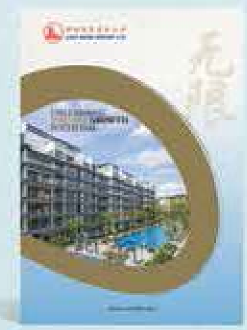
CONTENTS

MISSION STATEMENT

To provide the **BEST QUALITY** services and products to all our customers at the most competitive cost.



The infinity sign is an apt symbol for what Lian Beng's future has in store – boundless growth and endless possibilities. With another year of stellar performance, Lian Beng is poised for greater achievement. This Annual Report details all the high points of the year and exciting plans for the future.

FINANCIAL PERFORMANCE

REVENUE
S$747.0 MILLION

PROFIT BEFORE TAX
S$143.7 MILLION

NET PROFIT
S$136.1 MILLION

DIVIDENDS PER SHARE
3.0 CENTS

MR ONG PANG AIK BBM
Chairman and Managing Director

CHAIRMAN'S STATEMENT

"Yesterday's success is finite, but tomorrow's possibilities are infinite."

DEAR SHAREHOLDERS,

Financial Year 2015 ("FY2015") marks yet another record-breaking year. Apart from achieving historical highs for our revenue and net profit, we are proposing record dividends as well. In FY2015, we entered new geographical markets, namely Australia and United Kingdom (UK) for our overseas property development and investment business.

STELLAR FINANCIAL PERFORMANCE

Our FY2015 revenue improved 9.4% to a record S$747.0 million mainly due to the higher revenue recognition from the on-going and new construction projects.

Apart from the higher construction revenue, the higher progressive recognition of profit from our joint venture ("JV") property development projects, the disposal of a partially-owned hotel development at Middle Road, and the higher fair value gain on investment properties helped to lift our net profit by 7.1% to a record S$136.1 million. Correspondingly, our profit attributable to shareholders for FY2015 improved 24.0% to a historical high of S$108.0 million.

We are able to achieve this sterling performance because of our diversified revenue streams. While not all business segments showed improvement in the year, the segments which have performed better have made an overall growth possible. We plan to continue with this strategy to further broaden our revenue sources.

BOUNTIFUL HARVEST

Riding on this stellar financial performance for FY2015, our shareholders can look forward to a bountiful harvest. We are proposing a first and final tax exempt (1-tier) dividend of 1 cent per share and a special tax exempt (1-tier) dividend of 1 cent per share. Adding the interim dividend of 1 cent per share, the total of 3 cents per share of dividends for FY2015 is also a historical high.

DIVERSIFYING REVENUE SOURCES

Recognising the need to reduce the dependence on a single industry sector, the Group has conscientiously sought to expand its business to related sectors which can complement our project-based construction business. Some of these businesses, such as property investment and dormitory, are already bringing us a sizeable recurring income every year.

Our construction order book stood at approximately S$552 million as at 31 May 2015, providing us with sustainable flow of construction activities through FY2017.

Following the successful Westlite Mandai Dormitory project, we are partnering with Centurion Corporation Limited again for a second dormitory project. We are co-developing a 7,900-bed dormitory complex which will include a 3,000 sq metre training centre for the Association of Process Industry ("ASPRI")

CHAIRMAN'S STATEMENT

at Jalan Papan, near Jurong Island. This integrated development is expected to receive support from ASPRI members, as the proposed training centre will provide courses for workers from the process industry who are also residents of the facility, to develop and upgrade their skills, knowledge, competencies and productivity. This development is scheduled to be completed by mid-2016 and is expected to contribute to recurring income in the long term.

We also enhanced our property investment portfolio through acquisition of overseas property. We acquired a 2,084 sq metre freehold commercial property in Melbourne, Australia. This addition will bring us rental yield which will augment our recurring income. We also see potential capital appreciation in the long term, in view of its good location.

In Australia, we are also engaging in the development of mixed-development projects in Brisbane through associated companies. These projects comprised two residential towers of 324 units and a 23-storey hotel of 198 rooms. Besides Australia, we have entered the UK property market. Together with our partners, we have acquired a site in Hammersmith, London and another site in Leeds.

ENGINEERING FURTHER GROWTH

Our strategy in expanding our income streams has brought us record-breaking results for FY2015. Our new businesses such as overseas property development and the asphalt premix plant will contribute positively to our future growth as they progressively enter into their mature stages. My team and I are committed to strive to bring the Group to greater heights.

I would like to thank our clients and business associates for their support, and all Lian Beng management and staff for their contributions to make it possible to break records after records.

MR ONG PANG AIK BBM
Chairman and Managing Director

主席致辞

“昔日成就非凡，明日辉煌无限”

尊敬的股东：

2015财政年又是一个创记录的年份。集团的收入和净利达到历史新高，集团同时也建议派发有史以来最多的股息。在2015财政年，我们进军新的海外地域市场，也就是到澳大利亚和英国发展房地产和进行投资业务。

亮眼的业绩

由于正在施工和新的建筑项目取得更高收入，促使集团在2015财政年的收入增长了百分之9.4，达到7亿4千7百万新元。

除了建筑工程收入增加外，集团的合资房地产发展项目也获得更高盈利。我们脱售位于密陀路的酒店所持有部分股权以及在房地产方面所获得更高的价值变动收益，使我们的净利增长百分之7.1，达到1亿3千6百10万新元。与此同时，2015财政年可归于股东的利润更是增加百分之24，达到1亿8百万新元的历来新高。

我们能取得如此亮眼的成绩，得归功于集团多元化的收入来源。尽管不是所有业务在今年都取得增长，但在那些表现优越业务的带动下，集团获得了整体增长。我们将持续执行目前的策略，以扩大未来的收入来源 。

丰盛的收成

由于本财政年盈利丰厚，股东因此可以期待更丰盛的收成。董事会将提议派送每股1分新元的免税首期与末期股息，以及每股1分新元的免税特别股息。再加上中期每股1分新元的股息，使本财政年每股可获3分新元股息，创历史新高。

收入来源多元化

由于集团意识到业务的发展必须减少对单一领域的依赖，因此我们扩充业务，认真寻找可同建筑业相辅相成的相关发展领域。其中一些业务，比如房地产投资和宿舍兴建，每年已为我们取得可观的经常性收益。

截至2015年5月31日，我们的建筑工程订单约达5亿5千2百万新元，我们的建筑工程项目可持续到2017财政年。

随着成功兴建Westlite万礼宿舍，我们将再同胜捷(Centurion)企业合作，兴建另一座宿舍。我们将在靠近裕廊岛的惹兰巴板，与胜捷合作建造一座拥有7千9百个床位，并附有一个为石油化工业协会(“ASPRI”)而设的3千平方公尺培训中心的宿舍大楼。这座宿舍主要为化工业工友而设，因此预计将获得协会会员的支持。培训中心将为在宿舍居住的工友提供培训课程，协助开发和提升工友的技能、知识、能力和生产力。预计工程将在2016年中竣工。一旦完成此项目，我们将长期获得经常性收益。

2015财政年，我们通过在海外收购房地产，强化集团房地产的投资组合。我们收购澳大利亚墨尔本面积2千零84平方公尺的永久地契商业地段。此地段的租金收益将增

主席致辞

加我们的经常性收益。由于这个地段地点优越，预计它具有长期增值的潜能。

我们也通过合资计划，在澳大利亚的布里斯班开发两个综合房产项目。这包括两座拥有324个单位的住家楼房和一座23层楼高、拥有198间客房的酒店。除了澳大利亚，我们也进军英国房地产市场。通过合作伙伴，我们分别买下伦敦哈默史密斯和利兹的一个地段。

精心打造未来

集团开拓收入来源的策略凑效，为2015财政年取得有史以来破记录的业绩。预计我们的新业务，比如海外房地产发展和沥青混合厂逐渐进入成熟阶段后，将持续为我们未来的增长作出贡献。我和我的团队也承诺将带领集团迈向一个又一个的高峰。

在此我至诚感谢我们的客户和合作伙伴所给予的支持，以及联明管理层和全体员工的付出，使集团能够不断地创造辉煌的成绩。

王邦益BBM
集团主席兼执行董事

BOARD OF DIRECTORS

1 MR ONG PANG AIK BBM
Chairman & Managing Director

Mr Ong Pang Aik joined the Group in 1978 and was instrumental in growing the business from its early days as a subcontractor into an A1-graded building construction enterprise registered with BCA today.

His exceptional entrepreneurial prowess, so amply demonstrated by his contribution in propelling Lian Beng Group into the forefront, has earned him the accolades of the Ernst & Young Construction Entrepreneur of The Year in 2008, The Entrepreneur of the Year Award at the Asia Pacific Entrepreneurship Awards, Singapore in 2011 and the Best CEO Award at the Singapore Corporate Awards in 2012.

Apart from his commitment to business excellence, Mr Ong is passionate about community work. He serves as a grassroots leader in the Marine Parade GRC – Braddell Heights CCMC, CSC and as Chairman of the Ci Yuan Community Club Building Fund Committee and Upper Serangoon 6-Miles Business Sub-committee. Mr Ong is also the Patron of the Ang Mo Kio-Hougang Citizens' Consultative Committee and a member of the PAP Community Foundation Braddell Heights Executive Committee. In addition, he serves as Vice-Chairman of ZhongHua Primary School Advisory Committee and is a patron of the Braddell Heights Constituency Sports Club.

In recognition of his contributions to the community, Mr Ong was awarded the Public Service Medal (Pingkat Bakti Masyarakat – PBM) in 2001 and subsequently the Public Service Star Medal (Bintang Bakti Masyarakat – BBM) in 2008.

2 MS ONG LAY KOON
Executive Director

Ms Ong Lay Koon joined the Group in 1992, and heads the Group's Finance, Human Resource and Corporate Administration Departments. She is responsible for the organisation and management of the Group's accounting, finance, corporate affairs and human resource matters. She oversees the Property Development Division and also plays a vital role in making the Group's investment decisions.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 26 September 2014. She currently serves as a member on the Nominating, Audit and Remuneration Committees.

She holds a Diploma in Civil Engineering from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

3 MS ONG LAY HUAN
Executive Director

Ms Ong Lay Huan joined the Group in 1991 and heads the Group's Contracts Department.

With more than 22 years of experience in the construction industry, she oversees several key aspects of the Group's construction operations, including all tender submissions, the management and review of project costs and budget, key materials procurement, and the award of contracts to sub-contractors. In addition, she also assists in progress reviews and implementation of workflow initiatives that seek to improve and fine-tune the Group's work processes in accordance to new market trends and changes.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 26 September 2012.

She holds a Diploma in Quantity Surveying from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

4 MR KO CHUAN AUN
Independent Director

Mr Ko Chuan Aun was appointed to the Board on 10 July 2015. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees.

He is currently the Executive Director of KOP Limited (formerly Scorpio East Holdings Ltd), a company with businesses that encompass both the property and entertainment industries. Mr Ko also holds chairmanships and directorships in various private and public companies.

Mr Ko is an Independent Director of Super Group Ltd, San Teh Ltd, KSH Holdings Limited and Koon Holdings Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board (TDB, now known as the IE Singapore). His last

TDB appointment was Head of China Operations. In the past 20 years, Mr Ko has been actively involved in business investments in the PRC. In 2001, he was appointed as a Steering Committee Member of Network China. Between 2003 to 2005, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade and Investment Committee.

Mr Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program.

5 MR LOW BENG TIN BBM
Independent Director

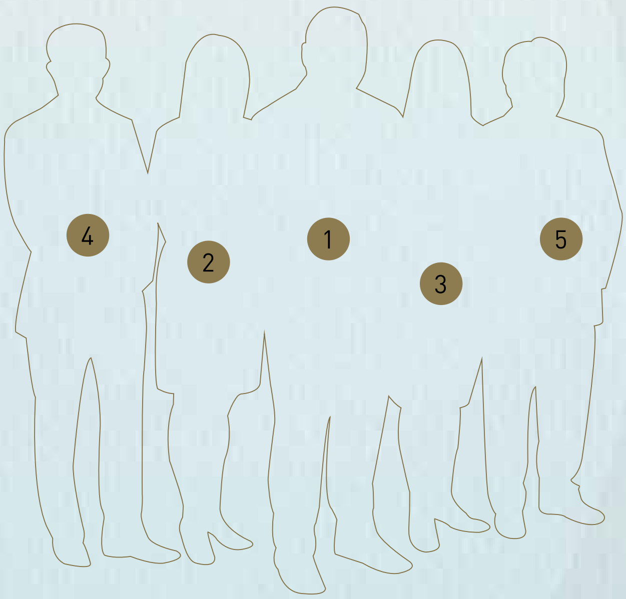
Mr Low was appointed to the Board on 8 July 2015. He serves as Chairman of the Nominating and Audit Committees. He is also a member of the Remuneration Committee.

Mr Low is the founder of OEL, and has been its Director since incorporation in 15 September 1984. He was subsequently appointed as the Chairman of the Board of Directors and Managing Director on 20 July 1992. Prior to OEL, Mr Low held senior management positions in a group of local companies where he was involved in the sales and services of marine equipment and shipping.

Mr Low holds directorships in OEL (Holdings) Limited (formally Oakwell Engineering Limited) and Assimilated Technologies (S) Pte Ltd. He is also Non-Executive Chairman/Independent Director of Cosmosteel Holdings Limited, lead Independent Director of China YongSheng Limited and Independent Director of JP Nelson Holdings. Mr Low is currently Non-Executive Director of AA Vehicle Inspection Centre Pte. Ltd, Agropak Engineering (S) Pte Ltd, Autoswift Recovery Pte Ltd, SMF Centre for Corporate Learning Pte Ltd and SMF Global Pte Ltd.

Mr Low holds a Diploma in Electrical Engineering from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management. He also holds a MBA (Chinese Programme) from the National University of Singapore. Mr Low has more than 30 years of experience in engineering fields related to the oil, gas, petrochemical, chemical and marine industries.

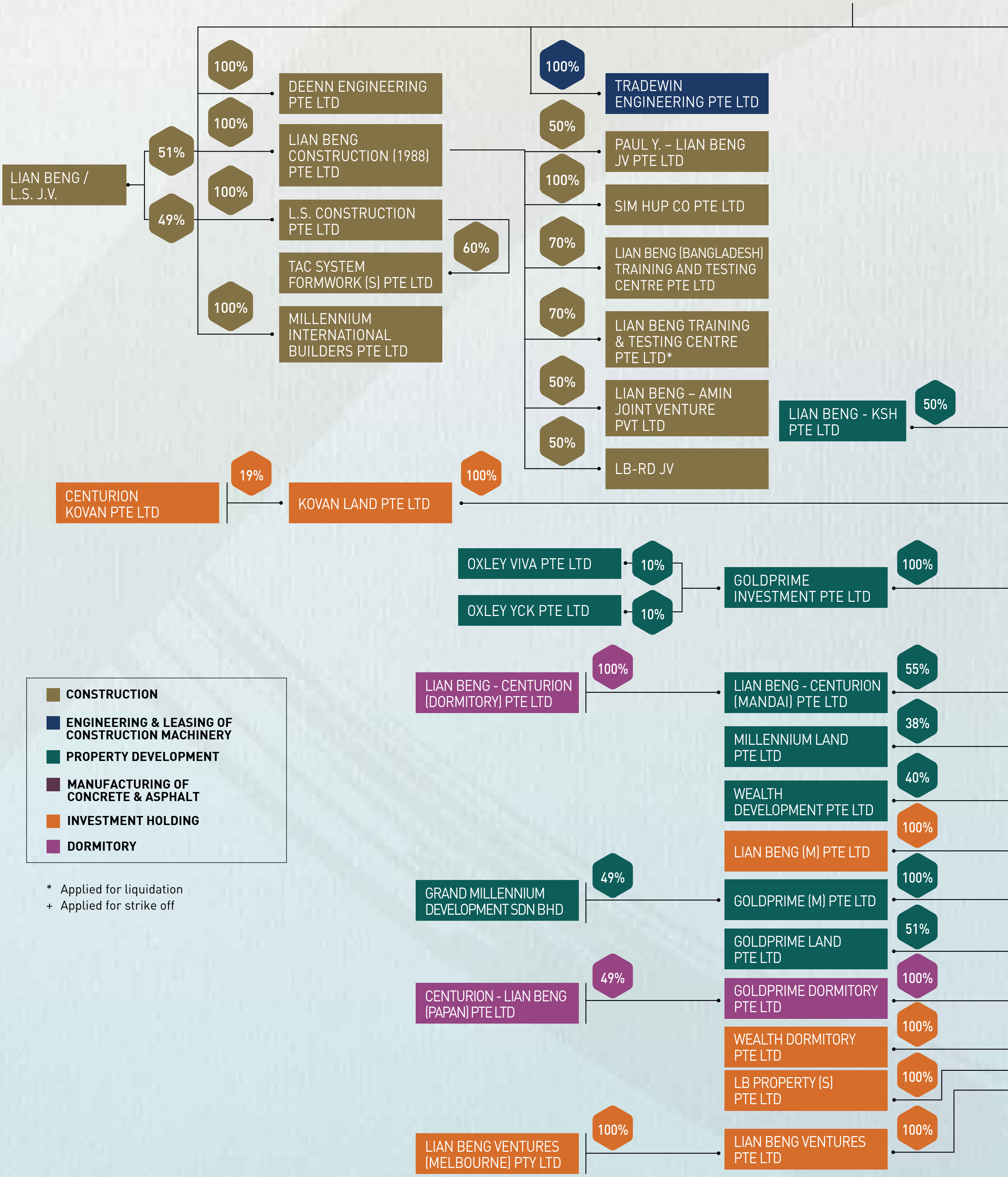
In recognition of his contribution to the community, he was conferred the Pingat Bakti Masyarakat (Public Service Medal) and Bintang Bakti Masyarakat (Public Service Star) by the President of the Singapore in 2004 and 2009 respectively.



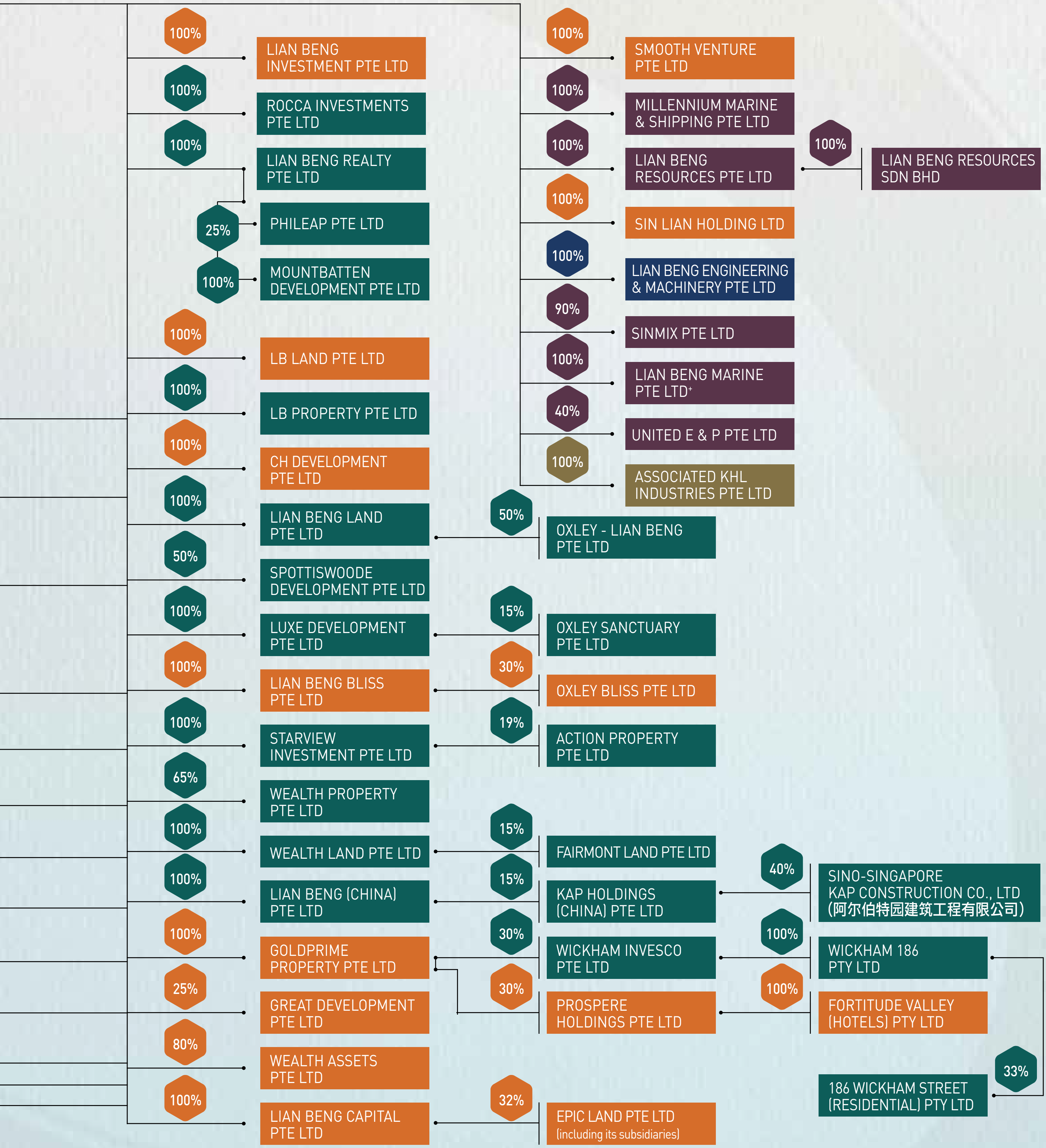
GROUP STRUCTURE

AS AT 31 JULY 2015

聯明集團有限公司
LIAN BENG GROUP LTD



* Applied for liquidation
\+ Applied for strike off


100%
LIAN BENG INVESTMENT PTE LTD
100%
ROCCA INVESTMENTS PTE LTD
100%
LIAN BENG REALTY PTE LTD
25%
PHILEAP PTE LTD
100%
MOUNTBATTEN DEVELOPMENT PTE LTD
100%
LB LAND PTE LTD
100%
LB PROPERTY PTE LTD
100%
CH DEVELOPMENT PTE LTD
100%
LIAN BENG LAND PTE LTD
50%
OXLEY - LIAN BENG PTE LTD
50%
SPOTTISWOODE DEVELOPMENT PTE LTD
100%
LUXE DEVELOPMENT PTE LTD
15%
OXLEY SANCTUARY PTE LTD
100%
LIAN BENG BLISS PTE LTD
30%
OXLEY BLISS PTE LTD
100%
STARVIEW INVESTMENT PTE LTD
19%
ACTION PROPERTY PTE LTD
65%
WEALTH PROPERTY PTE LTD
100%
WEALTH LAND PTE LTD
15%
FAIRMONT LAND PTE LTD
100%
LIAN BENG (CHINA) PTE LTD
15%
KAP HOLDINGS (CHINA) PTE LTD
40%
SINO-SINGAPORE KAP CONSTRUCTION CO., LTD (阿尔伯特园建筑工程有限公司)
100%
GOLDPRIME PROPERTY PTE LTD
30%
WICKHAM INVESCO PTE LTD
100%
WICKHAM 186 PTY LTD
25%
GREAT DEVELOPMENT PTE LTD
30%
PROSPERE HOLDINGS PTE LTD
100%
FORTITUDE VALLEY (HOTELS) PTY LTD
33%
186 WICKHAM STREET (RESIDENTIAL) PTY LTD
80%
WEALTH ASSETS PTE LTD
100%
LIAN BENG CAPITAL PTE LTD
32%
EPIC LAND PTE LTD (including its subsidiaries)
100%
SMOOTH VENTURE PTE LTD
100%
MILLENNIUM MARINE & SHIPPING PTE LTD
100%
LIAN BENG RESOURCES PTE LTD
100%
LIAN BENG RESOURCES SDN BHD
100%
SIN LIAN HOLDING LTD
100%
LIAN BENG ENGINEERING & MACHINERY PTE LTD
90%
SINMIX PTE LTD
100%
LIAN BENG MARINE PTE LTD+
40%
UNITED E & P PTE LTD
100%
ASSOCIATED KHL INDUSTRIES PTE LTD

KEY EXECUTIVE OFFICERS

MR ONG PHANG HUI

is the Plant & Machinery Director of the Group and is responsible for overseeing the Group's engineering division, 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-mixed concrete business. He is also responsible for the asphalt premix, resource and transportation division.

Mr Ong joined the Group in 1995 upon completing his studies and currently serves as the director of:

- Deenn Engineering Pte Ltd
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng Resources Pte Ltd
- Lian Beng Resources Sdn Bhd
- Millennium Marine & Shipping Pte Ltd
- Sinmix Pte Ltd
- Tradewin Engineering Pte Ltd
- United E & P Pte Ltd
- Lian Beng Marine Pte Ltd
- Associated KHL Industries Pte Ltd

Mr Ong was appointed as a director of Sin Lian Holding Ltd in year 2012.

MR ONG PHANG HOO

is the Project Director of the Group and 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 a management team that manages the construction division's building projects.

Mr Ong joined the Group in 1995 upon completing his studies and currently serves as the director of:

- Deenn Engineering Pte Ltd
- L.S. Construction Pte Ltd
- Lian Beng (Bangladesh) Training & Testing Centre Pte Ltd, a subsidiary incorporated in Bangladesh
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng Training & Testing Centre Pte Ltd
- Lian Beng-Amin Joint Venture Pvt Ltd, a jointly-controlled entity incorporated in the Republic of Maldives
- Tradewin Engineering Pte Ltd
- TAC System Formworks (S) Pte Ltd
- Grand Millennium Development Sdn Bhd
- Lian Beng Resources Pte Ltd

MR JEFFREY TEO WEE JIN

is the Construction Director of the Group and part of the management team that manages the Group's construction division's building projects, with special focus on its quality management and productivity enhancement.

Mr Teo has more than 27 years of experience in the construction industry and has been the key driver in quality and sustainable green initiatives for all the private condominium projects undertaken by the Group. His vast experience and strong emphasis on delivering quality products have enabled him to mentor the setting up of the construction division's Quality Assurance & Quality Control ("QA/QC") committee. He also takes charge of the division's ISO Integrated Management System and R&D including productivity initiative of the Group.

Mr Teo was appointed as a Director of Lian Beng Construction (1988) Pte Ltd ("LBC") in 2007. In addition, Mr Teo was appointed as the Managing Director of Lian Beng-Amin Joint Venture Pvt Ltd in 2006. He currently also serves as the manager of Lian Beng/L.S. J.V. and LB-RD JV. In 2012, he was appointed as a director of Paul.Y-Lian Beng JV Pte Ltd and TAC System Formwork (S) Pte Ltd.

MS ONG LEE YAP

is the Purchasing Director of the Group and manages the purchasing division as well as the Group's inter-companies material and machinery logistics deployment. She also administers the Group's foreign workers' payroll function.

Since joining the Group in 1988, Ms Ong has gained vast experience in procurement activities in the construction industry in her position as Purchasing Director. Her well-honed skills and extensive knowledge has enabled her to discharge her responsibilities efficiently and effectively.

She currently also serves as a director of Lian Beng Construction (1988) Pte Ltd and Sim Hup Co Pte Ltd.

MR THAN KING HUAT

is the Director of Deenn Engineering Pte Ltd ("Deenn") and part of the management team that manages the Group's construction division's building projects, with special focus on its design-and-build functions.

Mr Than has more than 22 years of experience in the industry with significant experience in structural designing, construction re-engineering and project management.

Mr Than holds a Master of Science degree in Structural Engineering from the University of Manchester Institute of Science and Technology (United Kingdom) and a Degree in Civil and Structural Engineering from the Engineering Council (United Kingdom).

MR HO CHEE SIONG

is the Senior Construction Manager of the Group's construction division.

Armed with more than 22 years of construction and project management experience, he is actively involved in the management of various building contracts undertaken by the Group. He oversees the Group's ISO Integrated Management System, Green & Gracious Builder Scheme, Workplace Safety and Health portfolio.

He holds a Degree in Applied Science in Construction Management & Economics from Curtin University of Technology.

He serves as the director of Millennium International Builders Pte Ltd.

MR DAVID GOH TECK ANN

is the Director of Sinmix Pte Ltd (Sinmix). Mr Goh joined the company in June 2007 and is in charge of the daily management of Sinmix's business operations.

His 27 years of experience in the ready-mix industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as ensure a smooth supply chain within the division's network of customers and suppliers.

MR CHEW TEOW LEONG

is the Financial Controller of the Group and is responsible for the financial accounting, financial management and internal control functions of the Group. He has over 18 years of experience in financial and management accounting, costs and budgetary control in the trading, construction and manufacturing industries.

Mr Chew is a Fellow member of the Chartered Association of Certified Accountants in the United Kingdom (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA). He holds a Master of Business Administration degree from the University of Oxford Brookes. Mr Chew was also awarded the Certificate of Accomplishment by the Tax Academy of Singapore for successful completion of its Advanced Tax Programme in 2009/2010.

FINANCIAL HIGHLIGHTS

"The Group achieved a record revenue and net profit of S$747.0 million and S$136.1 million respectively for the financial year ended 31 May 2015 ("FY2015")."

The Group's revenue improved 9.4% to S$747.0 million mainly due to higher revenue recognition from the construction segment, which contributed 84.2% to the Group's revenue.

Net profit increased 7.1% to S$136.1 million, attributable to profit from the construction and dormitory segments, higher fair value gain on investment properties and share of profits of associates and joint ventures (JVs).

The share of profits of associates and JVs increased to S$43.6 million in FY2015 from S$4.2 million in FY2014 mainly due to the gain on disposal of the effective 19%-owned joint venture, 122 Middle Investment Pte Ltd, which owns the hotel development at 122 Middle Road. The recognition of the Group's share of profits of associates and JVs from the development projects namely, NEWest, KAP Residences and Midtown Residences/The Midtown also contributed to this increase.

Profit attributable to shareholders improved 24.0% to S$108.0 million, also a record-breaking feat.

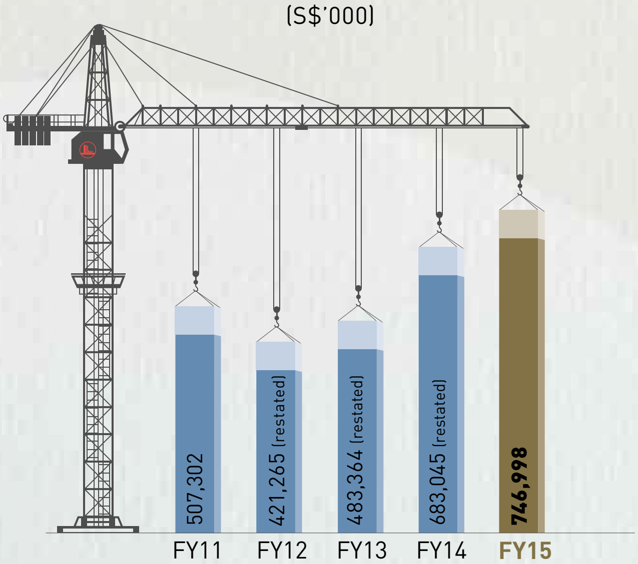
The Group is proposing a First and Final dividend of S$0.01 per share and Special dividend of S$0.01 per share. Together with the interim dividend of S$0.01 per share, dividends for FY2015 will total to a record of S$0.03 per share.

The Group's cash and cash equivalents remained strong at S$187.1 million as at 31 May 2015.

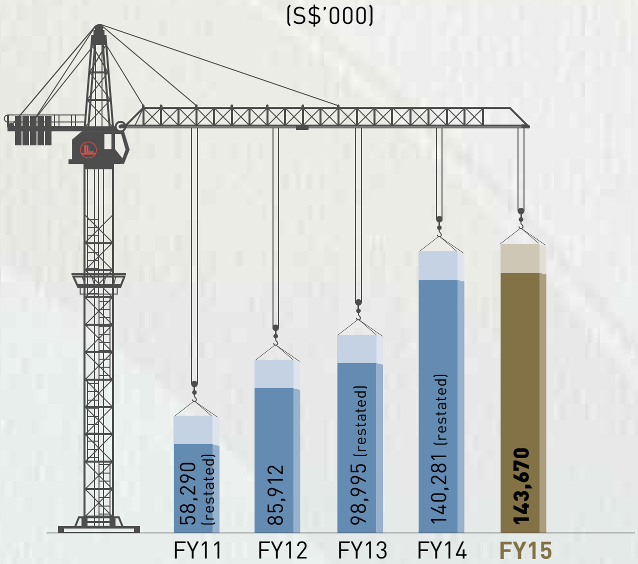
FINANCIAL PERFORMANCE COMPARISON

(S$'000)	Year ended 31 May 2015 (FY 2015)	Year ended 31 May 2014 (FY 2014) (Restated)	% change
Revenue	746,998	683,045	9.4%
Share of results of associates and JVs	43,625	4,177	944.4%
Fair value gain on investment properties	52,374	37,242	40.6%
Net Profit	136,063	126,997	7.1%
Profit attributable to shareholders	108,028	87,138	24.0%

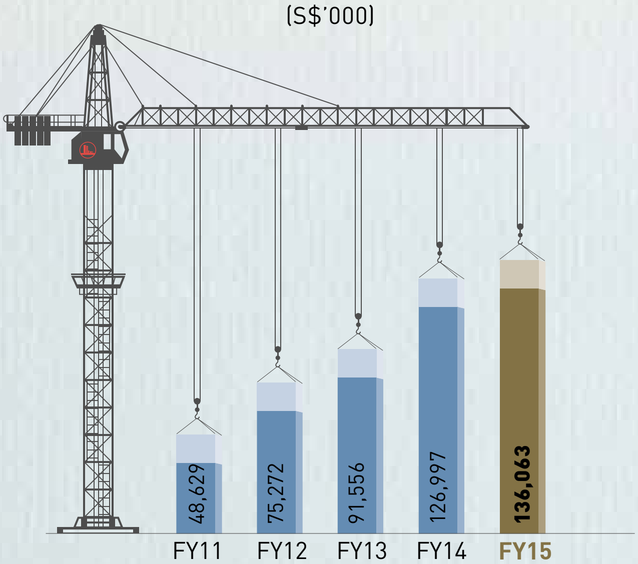
REVENUE
(S$'000)



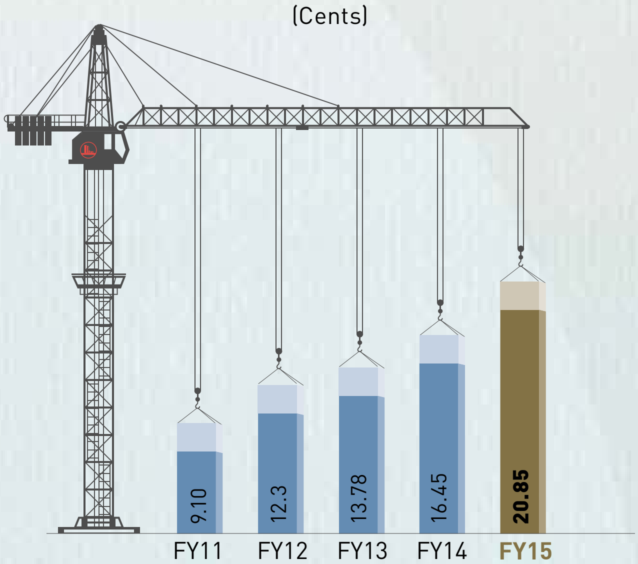
PROFIT BEFORE TAX
(S$'000)



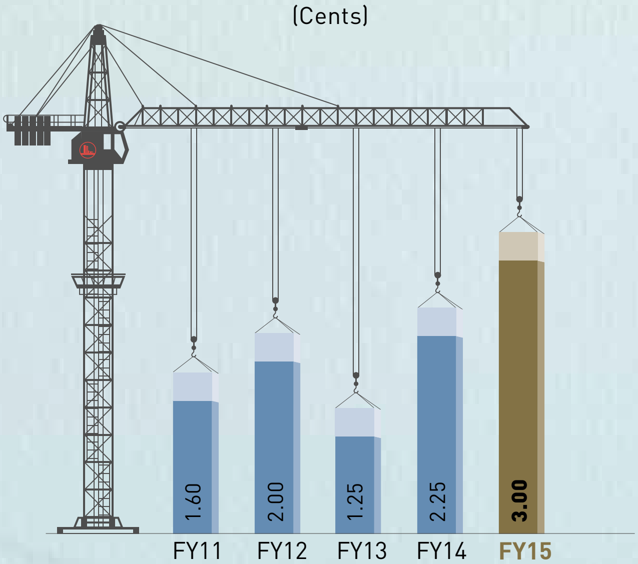
NET PROFIT
(S$'000)



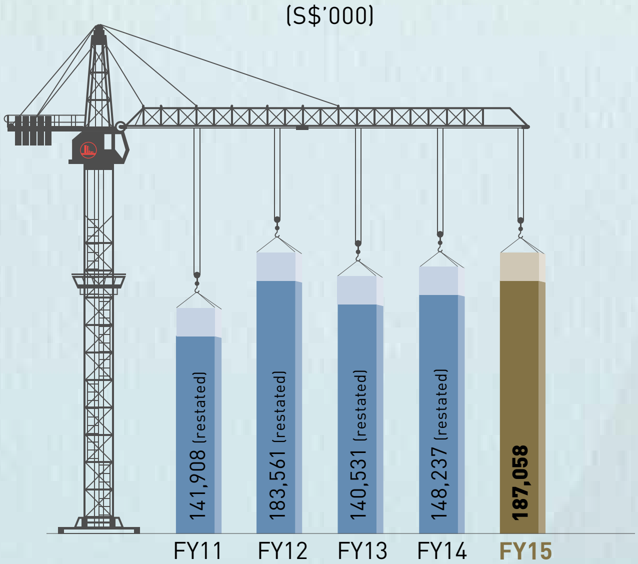
EARNINGS PER SHARE
(Cents)



DIVIDENDS PER SHARE
(Cents)



CASH AND CASH EQUIVALENTS
(S$'000)



SIGNIFICANT EVENTS

JULY 2014

- KAP Holdings (China) Pte Ltd, an associated company in which the Group has 15% equity interest, entered into a joint venture agreement with Beijing Jin Hua Tong Da Real Estate Development Co Ltd and Herons Investment Limited, to undertake property development in the People's Republic of China.

AUGUST 2014

- Following a review of the opportunities arising from the Leng Kee property and the automotive business, the Group obtained approval from its Shareholders to diversify into the automotive business.

AUGUST 2014

- Fortitude Valley (Hotels) Pty Ltd (Fortitude Valley), a wholly-owned subsidiary of Prospere Holdings Pte Ltd in which the Group has 30% equity interest, completed the purchase of Lot 7 on RP 9541, a freehold property at 29 Ranwell Lane Fortitude Valley, QLD4006 in Brisbane, Australia, at a consideration of AUD5.50 million or approximately S$6.38 million. Fortitude Valley intends to develop the property into a 23-storey hotel tower consisting of 198 rooms. This is to meet the accommodation needs of Brisbane's growing visitor population. Fortitude Valley is effectively held by the Group and Heeton Holdings Limited in the proportion of 30% and 70% respectively.
- Wickham 186 Pty Ltd (Wickham), a 30%-owned associated company of the Group, entered into a shareholders agreement with Marvel Investments Pty Ltd (Marvel) and 186 Wickham Street (Residential) Pty Ltd (Wickham Residential), under which Wickham subscribed for 330 ordinary shares, representing approximately 33% of the share capital of Wickham Residential for a consideration of AUD3.30 million, or approximately S$3.83 million. Marvel owns the balance 67% of the share capital of Wickham Residential. Wickham Residential owns a freehold land at Fortitude Valley ("Property") and intends to develop the Property into two residential towers with a total of approximately 324 units.

SEPTEMBER 2014

- Millennium Land Pte Ltd, a 38%-owned associated company of the Group, together with its joint venture partner, Billion Land Pte Ltd, disposed 122 Middle Investment Pte Ltd to Nanshan Group Singapore Co Pte Ltd, an unrelated third party for a consideration of S$270 million. The disposal was completed on 18 November 2014.

SIGNIFICANT EVENTS

OCTOBER 2014

- Goldprime (M) Pte Ltd, a wholly-owned subsidiary of the Group subscribed for 4,900 new ordinary shares in the capital of Grand Millennium Development Sdn Bhd ("GMDSB") for an aggregate consideration of RM4,900. GMDSB is engaged in the business of property development.

NOVEMBER 2014

- The Group entered into an agreement with The Legacy Industrial (Mandai) Pte Ltd to redevelop a land parcel at Mandai Link.

DECEMBER 2014

- Centurion-Lian Beng (Papan) Pte Ltd, an associated company in which the Group has 49% equity interest, accepted a letter of offer issued by ASPRI Dormitory Pte Ltd in relation to a licence to complete the construction of a workers' dormitory to house 7,900 workers and a training centre at a parcel of land located at Jalan Papan, Singapore. This is in line with the Group's strategy to expand its dormitory business and to embark on new opportunities. This project will enable the Group to tap on an existing large captive market and ride on the growth of the process industry in Singapore.

JANUARY 2015

- Goldprime Land Pte Ltd, a 51%-owned subsidiary of the Group, was awarded the tender for land parcel at Tampines North Drive 1, plot 1, also known as MK29-2964N at a purchase price of S$64,388,888. Goldprime intends to develop the land parcel.

MAY 2015

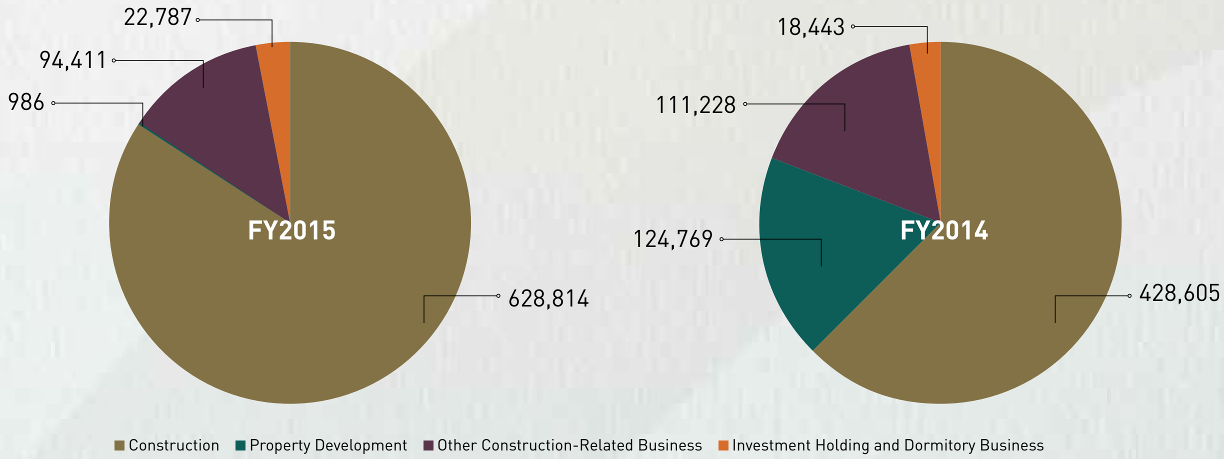
- The Group entered into a Subscription Agreement ("Agreement") on 29 April 2015 for the proposed subscription of shares in Datapulse Technology Limited ("Datapulse"). On 20 May 2015, a supplemental letter to the Agreement was signed to subscribe for 65,000,000 new ordinary shares in Datapulse for a consideration of $0.11235 per share amounting to S$7,302,750, subject to terms and conditions of the Agreement.
- The Group entered into an agreement to acquire the property in Collins Street, Melbourne, Australia through Lian Beng Ventures (Melbourne) Pty Ltd, a wholly-owned subsidiary of the Group. The purchase of this property is viewed as an investment opportunity for both potential long-term capital appreciation and rental yield. It was legally completed on 20 July 2015.

JULY 2015

- As part of the Group's continued strategy to expand its portfolio of overseas assets, Wealth Land Pte Ltd, a wholly-owned subsidiary of the Group, entered into an agreement to incorporate Fairmont Land Pte Ltd, in which the Group hold 15%. The consortium was created to acquire a prominent site in the city centre of Leeds, UK, where there is high growth potential and development flexibility.

OPERATIONS REVIEW

Revenue By Business Segment (S$'000)



CONSTRUCTION

Engages in:
- Public and Private Residential
- Institutional
- Industrial
- Infrastructure

PROPERTY DEVELOPMENT

Engages in:
- Residential
- Mixed (Residential and Commercial)
- Industrial
- Commercial

OTHER CONSTRUCTION-RELATED BUSINESS

Engages in:
- Scaffolding Works
- Engineering Works
- Ready-mixed Concrete
- Rebar Fabrication
- Equipment and Machinery
- Resource and Transportation

INVESTMENT HOLDING AND DORMITORY BUSINESS

Engages in:
- Leasing of Workers' Dormitories
- Sales and Leasing of Office, Industrial and Residential Properties

"External construction revenue reached a record high of S$628.8 million in FY2015, up S$200.2 million or 46.7% from S$428.6 million in FY2014."

CONSTRUCTION

The Group's largest business segment contributed 84.2% of the FY2015 revenue. External construction revenue reached a record high of S$628.8 million in FY2015, up S$200.2 million or 46.7% from S$428.6 million in FY2014. This increase was largely due to higher revenue recognition from on-going and new construction projects.

Two key construction projects were completed in FY2015. The first is Hedges Park, a condominium development located at Upper Changi Road North & Flora Drive. The other completed project is Waterfront Isle, also a condominium development, located at Bedok Reservoir Road.

A few projects are close to their completion phase; these are Eco-Tech @ Sunview, Westlite Woodlands Dormitory, the industrial project at Tampines Crescent (Space @ Tampines) and Thomson Grand condominium.

Westlite Woodlands

Waterfront Isle

OPERATIONS REVIEW


Space @ Tampines

Other projects that are on-going include Skies Miltonia, Bartley Ridge and The Inflora condominiums, as well as Oxley Tower, a commercial building and another hotel development at Middle Road.

The Group is also involved in the construction of some of its property development projects, such as the erection of an 11-storey Multiple-User ramp-up food industrial factory development at Mandai Link, Spottiswoode Suites condominium, and mixed development project, The Midtown & Midtown Residences.

The Group's order book as of 31st May 2015 stands strong at S$552 million.


Spottiswoode Suites


Skies Miltonia

PROPERTY DEVELOPMENT

Taman Sentosa in Malacca, Malaysia

The Group is involved in several property development projects locally through its subsidiaries and joint ventures (JVs). The Group's 65% subsidiary's industrial development project at Mandai Foodlink has sold 98% of its units and will recognise revenue and profit upon obtaining Temporary Occupation Permit ("TOP"). The Group's 50% joint ventures' property development projects, Midtown Residences/The Midtown and Spottiswoode Suites of which the Group has sold 97% and 78% respectively, will contribute profit to the Group progressively. The Group's 10% and 15% associates' property development projects, NEWest and KAP Residences have sold 91% and 99% respectively, and will also contribute profit to the Group progressively. In FY2015, an associated company of the Group also disposed its interest in a JV hotel development project at Middle Road.

In Malaysia, an associated company of the Group entered into an agreement to develop a freehold high-rise condominium project in Taman Sentosa, Malacca. In Australia, the Group entered into consortia for the development of residences and a hotel in Brisbane.

In the coming year, the Group plans to launch the sales of the industrial project at Tampines North Drive 1.

Sales Status of Property Development Projects (as at 31 May 2015)

Project Names	Type of Development	Equity Stake	% sold
Spottiswoode Suites	Residential	50%	78%
NEWest	Residential & Commercial	10%	91%
KAP Residences/KAP	Residential & Commercial	15%	99%
Floraville/Floraview/Floravista	Residential & Commercial	10%	36%
Eco-Tech @ Sunview	Industrial	19%	97%
Midtown Residences/The Midtown	Residential & Commercial	50%	97%
Hexacube	Retail & Office	40%	56%
Mandai Link	Industrial	65%	98%

OPERATIONS REVIEW

OTHER CONSTRUCTION-RELATED BUSINESS

Engineering and Leasing

This segment predominantly covers the rebar fabrication, construction engineering works and construction machinery leasing. These activities mainly support the Group's core construction business. In FY2015, the total revenue of this segment, comprising both external and inter-segment revenue, amounted to S$32.5 million, an increase of 47.1% from S$22.1 million in FY2014. During the financial year, the Group acquired automated rebar fabrication machines to further improve productivity.

Resource and Transportation

The Group has expanded its presence and capability in the sourcing for construction materials. It has set up a subsidiary to manage the sourcing and supply of sand, aggregate and dust. The Group currently owns 5 tugboats and 6 barges, and intends to expand its transportation fleet in the coming year. It is also collaborating with a partner to operate a granite quarry in Malaysia and expects to complete the installation and commissioning of a crusher plant on the quarry soon.

With a firmer control over the supply of construction materials, which the Group uses for its RMC and asphalt manufacturing, the Group can better manage its cost of production. Any excess supply of these construction materials can also be sold to third parties, generating yet another recurring source of income.

Automation of Rebar Fabrication

Ready-mixed concrete ("RMC") and Asphalt Premix

The Group's revenue for RMC which comprises both external and inter-segment revenue amounted to S$96 million in FY2015, a decrease of 11% from FY2014. The decrease was mainly due to a decrease in the sales volume of ready mixed concrete and the highly competitive selling price. At present, about 18% of the RMC is consumed in-house and 82% sold to external parties.

United E&P ("UEP"), an associated company in which the Group has 40% equity interest, commenced operation in 3QFY2015. UEP owns a new asphalt premix plant, which is one of the largest fully automated asphalt premix manufacturing plants in Singapore, and it is equipped with full recycling capabilities. In addition, UEP also engages in milling, paving, road marking and supply of granite materials necessary for pavement construction.


Metal works


Construction Materials


Asphalt Premix Plant

OPERATIONS REVIEW

INVESTMENT HOLDING AND DORMITORY BUSINESS

Investment Holding

The results from the Group's Investment Holding business mainly comprise the share of profits from the Group's 32%-owned consortium, which generated profits from the sale of strata office units, as well as rental income from the 30-storey Prudential Tower, a Grade A office building located near Raffles Place.

In FY2015, a subsidiary of the Group also acquired a heritage commercial/office building within Melbourne's Central Business District. The Group sees this as an investment for long-term capital appreciation and rental yield.

Going forward, the Group intends to grow its recurring income from its Dormitory and Investment Holding Business.


Prudential Tower

Dormitory Business

The revenue from the Group's Dormitory business grew 23.4% to S$22.4 million in FY2015. With a capacity of about 6,290 beds running at close to full occupancy, the Group's 55%-owned Westlite Mandai Dormitory continued to provide recurring rental income. Following the success of Westlite Mandai Dormitory, the Group embarked to develop a second dormitory project in FY2015 through a 49% owned associated company, Centurion-Lian Beng (Papan) Pte Ltd. This new dormitory at Jalan Papan, for which construction is expected to be completed by mid-2016, will have 7,900 beds and a training centre. Upon completion, this second dormitory will provide additional recurring income.

Westlite Papan

OUR PEOPLE, OUR ASSETS

It is our corporate culture to regard our people as part of our assets. This is why we have put in place programmes to develop them to their full potential, through periodic internal and external training. By improving their knowledge and skills, we aim to build a more dynamic workforce, which we hope will translate to greater productivity in our operation.

We also place strong emphasis on team building and group cohesiveness through organizing various celebrations on festivals and commemorative occasions. Through building stronger team spirit from these team bonding events, we aim to create greater synergy among staff and in turn to achieve better teamwork.

In appreciation of our staff for their contributions, we have created the "LBG Lifestyle Programme" for them to enjoy discounts and special deals through tie-ups with our group of supportive vendors. In doing so, we hope to bring a better and more colourful lifestyle to our staff.

Over the years, the Group has won numerous awards. For FY2015, the Group won the BCA Quality Excellence Award (Gold) 2015 as a builder and its subsidiary, Lian Beng Construction (1988) Pte Ltd won the BCA Construction Excellence Award (Merit) 2015 for the Waterbank at Dakota project, amongst a few others.

Corporate Social Responsibility remains close to our hearts and is an integral part of our business philosophy. In FY2015, we donated to various organisations locally. We sponsored and helped to build homes in remote parts of Cambodia. In addition, we made donations to the victims of the massive Nepal earthquake this year.

Christmas Party

BCA Awards 2015

SGX Bull Charge Charity Run

Cambodia House Building

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Pang Aik BBM
Chairman and Managing Director

Ong Lay Huan
Executive Director

Ong Lay Koon
Executive Director

Low Beng Tin (Appointed on 8 July 2015)
Independent Director

Ko Chuan Aun (Appointed on 10 July 2015)
Independent Director

Dr Wan Soon Bee (Resigned on 10 July 2015)
Independent Director

Sitoh Yih Pin (Resigned on 10 July 2015)
Independent Director

COMPANY SECRETARIES

Wee Woon Hong
Lee Hock Heng

REGISTERED OFFICE

29 Harrison Road
Lian Beng Building
Singapore 369648
Tel: (65) 6283 1468
Fax: (65) 6280 9360
Email: lianbeng@singnet.com.sg
Website: www.lianbeng.com.sg

NOMINATING COMMITTEE

Low Beng Tin (Chairman)
Ko Chuan Aun
Ong Lay Koon

REMUNERATION COMMITTEE

Ko Chuan Aun (Chairman)
Low Beng Tin
Ong Lay Koon

AUDIT COMMITTEE

Low Beng Tin (Chairman)
Ko Chuan Aun
Ong Lay Koon

REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner-In-Charge:
Sam Lo Geok Lim
(Since Financial Year Ended 31 May 2013)

SOLICITORS

Opal Lawyers LLC
30 Raffles Place
#19-04, Chevron House
Singapore 048622

PRINCIPAL BANKERS

Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

INVESTOR & MEDIA RELATIONS

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543
Tel: (65) 6438 2990
Fax: (65) 6438 0064

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2012 (the "Code"), to ensure continued growth and success, and to justify investor confidence. This report describes the corporate governance practices of the Company, with reference to the principles of the Code.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to lead and control the Company

The Board of Directors (the "Board") oversees the management of the business and affairs of the Company and its subsidiaries (collectively, the "Group"). The Board's role is to:

1. Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the group to meet its objectives;
2. Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
3. Review the management performance;
4. Identify the key stakeholder groups and recognize that their perceptions affect the company's reputation;
5. Set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
6. Consider sustainability issues such as environmental and social factors, as part of its strategic formulation.

All Directors objectively take decisions in the interests of the Company. To facilitate effective management, certain functions have been delegated to various board committees, whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

a. Approval of financial statements' announcements;
b. Approval of interested parties' transactions;
c. Declaration of interim dividends and proposal of final dividends;
d. Convening of shareholders' meetings;
e. Approval of corporate strategy;
f. Authorisation of merger and acquisition transactions; and
g. Authorisation of major transactions.

The Board meets regularly on a quarterly basis and as warranted. Ad hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the

CORPORATE GOVERNANCE

Company's Articles of Association. To ensure effective corporate governance, three key committees, namely the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Audit Committee (the "AC") were established. Their respective roles are further discussed in this report.

The details of board meetings, NC, RC and AC meetings held during the financial year as well as the attendance of each board member at those meetings is disclosed below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Ong Pang Aik	4	4	–	–	–	–	–	–
Ong Lay Huan	4	4	–	–	–	–	–	–
Ong Lay Koon	4	4	1	1	1	1	4	4
Low Beng Tin*	0	0	0	0	0	0	0	0
Ko Chuan Aun**	0	0	0	0	0	0	0	0
Dr Wan Soon Bee***	4	4	1	1	1	1	4	4
Sitoh Yih Pin***	4	4	1	1	1	1	4	4

* Appointed as Independent Director on 8 July 2015
** Appointed as Independent Director on 10 July 2015
*** Resigned as Independent Director on 10 July 2015

As a general rule, Board papers are required to be sent to Directors before the Board meeting so that members may better understand the matters before the Board meeting and discussion may be focused on questions that the Board has about the Board papers.

The duties and obligations of the Director are set out in writing upon his or her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new Directors to ensure that the incoming Director is familiar with the Company's business and governance practices. He/she will be given a tour and briefing of key facilities and activities of the Company, as well as a detailed presentation by key senior management covering structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report, minutes of recent board meetings, and Memorandum and Articles of Association of the Company will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group. There was no newly appointed Director during financial year ended 31 May 2015 ("FY2015"). Mr Low Beng Tin and Mr Ko Chuan Aun were appointed as Independent Directors of the Company on 8 July 2015 and 10 July 2015 respectively.

The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members. For first time Directors, the Company will arrange relevant training courses for them to familiarize with the duties and responsibilities as a Director of a listed company. The Company also encourages Directors to attend training courses organized by the Singapore Institute of Directors or other training institutions in connection with their duties as Directors.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

As at the date of this report, the Board comprises three Executive Directors and two Independent Directors, namely:

Executive Directors

1. Mr Ong Pang Aik
2. Ms Ong Lay Koon
3. Ms Ong Lay Huan

Independent & Non-Executive Directors

1. Mr Low Beng Tin
2. Mr Ko Chuan Aun

Information regarding each Board member is provided under the Board of Directors section set out on pages 8 and 9 of this Annual Report.

The NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC is of the view that Mr Low Beng Tin and Mr Ko Chuan Aun are independent. Mr Low Beng Tin and Mr Ko Chuan Aun were appointed Directors on 8 July 2015 and 10 July 2015 respectively. Both of them are well qualified and experienced and have the ability to make impartial and well balanced decisions and to act in the best interests of the Company and shareholders.

As more than one third (1/3) of the Board is independent, the current requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The Board through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The independence of each Director is reviewed annually by the NC, which ensures that Independent Directors make up at least one-third of the Board.

The Board and the Board Committees comprise of Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise of persons who as a group provide capabilities required for the Board and Board Committees to be effective.

CORPORATE GOVERNANCE

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and also review the performance of the management in meeting agreed goals and objectives, and monitor the reporting of performance. Non-Executive Directors are encouraged to meet regularly without the presence of management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities at the Top of the Company

Mr Ong Pang Aik currently assumes the roles of both the Chairman and Managing Director. His duties as the Chairman, among others, include:

a. Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;

b. Ensuring that the Directors receive complete, adequate and timely information;

c. Ensuring effective communication with shareholders;

d. Encouraging constructive relations between the Board and management;

e. Facilitating the effective contribution of Non-Executive Directors;

f. Encouraging constructive relations within the Board and between the Board and management;

g. Promoting a culture of openness and debate at the Board; and

h. Promoting high standards of corporate governance.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and Managing Director are not separated as the Board is of the view that there is adequate accountability and transparency within the Group. The Board is also of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

The Board concurs with the NC that as the size of the Board is relatively small with only 5 members of whom two are Independent Directors, there would not be a need for a Lead Independent Director. The Independent Directors collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or management. The Independent Directors meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman as matters arising from such meetings.

BOARD MEMBERSHIP
Principle 4: Formal and Transparent Process for Appointment and Re-Appointment of Directors to the Board

The NC, which has written terms of reference, was established to make recommendations to the Board on all board appointments. It currently comprises three Directors, namely:

1. Mr Low Beng Tin, Chairman
2. Mr Ko Chuan Aun
3. Ms Ong Lay Koon

CORPORATE GOVERNANCE

The Chairman, Mr Low Beng Tin, and Mr Ko Chuan Aun are Independent Directors and are not directly associated with any substantial shareholder. The NC's responsibilities include the following:

a. Annual review of skills required by the Board, and the size of the Board;

b. Reviewing and determining the independence of each Director to ensure that the Board comprises at least one-third Independent Directors;

c. Reviewing and evaluating a Director's ability and adequacy in carrying out his/her role as Director of the Company, particularly when he/she has multiple board representations;

d. Re-nomination of Directors, giving due regard to each Director's contribution and performance including, if applicable, as an Independent Director;

e. Assessing the effectiveness of the Board as a whole, and as well as each Director's contribution to the effectiveness of the Board;

f. Deciding how the Board's performance may be evaluated and proposing objective performance criteria; and

g. To make plans for succession, in particular for the Chairman of the Board and Managing Director.

The Directors (other than the Managing Director) submit themselves for re-nomination and re-election at least once every three years. Newly appointed Directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company following their appointment.

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:-

(i) at least one-third of Directors shall be Independent Directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. Candidates may be suggested by Directors or management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial expertise. The NC then nominate the most suitable candidate to the Board for approval.

The NC meets at least once a year. Pursuant to Article 107 of the Company's Articles, one third (1/3) of the Board (other than the Managing Director) is to retire by rotation and subject themselves to re-election by shareholders

CORPORATE GOVERNANCE

at every AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience and contributions. The NC recommended to the Board that Ms Ong Lay Huan be nominated for re-election under Article 107.

Pursuant to Article 117 of the Company's Articles, any new Director appointed by the Directors shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

The NC further recommended that Mr Low Beng Tin and Mr Ko Chuan Aun, retiring under Article 117 of the Company's Articles, be nominated for re-election at the forthcoming AGM.

Mr Low Beng Tin will, upon re-election as a Director of the Company, remains as the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, remains as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

In making the recommendations, the NC had considered the Directors' overall contributions and performance.

Notwithstanding that some of the Directors have multiple board representations, the Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his or her duties should not be restricted to the number of board representation. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The NC would continue to review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The dates of appointment and re-election and Directorships of the current Directors in other listed companies are set out below:

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	**Last Three Years**
Ong Pang Aik	16/12/1998	Not Required	Nil	Nil
Ong Lay Huan	20/03/1999	26/09/2012	Nil	Nil
Ong Lay Koon	20/03/1999	26/09/2014	Nil	Nil
Low Beng Tin	08/07/2015	Not Applicable	China YongSheng Limited, Cosmosteel Holdings Limited, JP Nelson Holdings and OEL (Holdings) Limited	Nil
Ko Chuan Aun	10/07/2015	Not Applicable	Koon Holdings Ltd, KOP Limited, KSH Holdings Limited, San Teh Ltd and Super Group Ltd	Brothers (Holdings) Limited

Further details of the Directors, including their principal commitments, are provided under the Board of Directors section set out on pages 8 and 9 of the Annual Report.

CORPORATE GOVERNANCE

BOARD PERFORMANCE
Principle 5: Formal Assessment of the Effectiveness of the Board and Contribution by Each Director

The NC decides on how the Board's and its board committees' performance and individual Directors' contributions are to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the board committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation are in respect of:

a. Board size and composition;

b. Board processes;

c. Board information and accountability; and

d. Board performance in relation to discharging its principal functions and responsibilities.

The individual Director's performance criterion is in relation to the Director's:

a. Industry knowledge and/or functional expertise;

b. Contribution and workload requirements;

c. Sense of independence; and

d. Attendance at board and committee meetings.

During the financial year, all Directors are requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board performance as described above. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members to be appointed to the Board or seek the resignation of Directors.

The NC has assessed the current Board's performance to-date and individual Director's contributions, and is of the view that the performance of the Board as a whole was satisfactory.

ACCESS TO INFORMATION
Principle 6: Board Members to Have Access to Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfill its responsibilities, the management provides all Directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. All Directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are

CORPORATE GOVERNANCE

responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Information provided by the management to the Directors includes background information or explanatory information relating to matters to be brought forward before the Board and copies of disclosure documents.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of all board and committee meetings. He/she assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are complied with. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board and its committees, facilitating the Directors' orientation programme, and assisting with professional developments as required. He/she is also the primary channel of communication between the Company and the SGX-ST. The Company Secretaries and/or his/her representatives attend all quarterly Board meetings. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

The Board engages independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Changes to regulations and accounting standards are closely monitored by the management. The Directors are briefed either during Board and Board Committee meetings or by the Company Secretaries of these changes especially where these changes have an important bearing on the Directors' disclosure obligations.

REMUNERATION MATTERS

Procedures for developing Remuneration Policies
Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and For Fixing Remuneration Packages of Directors

The RC currently comprises three Directors, two of whom are Independent and Non-Executive Directors:

1. Mr Ko Chuan Aun, Chairman
2. Mr Low Beng Tin
3. Ms Ong Lay Koon

The Board is of the view that with Ms Ong Lay Koon's understanding of the Group's operations, she is in an appropriate position to advise and recommend to the Board on the remuneration packages for the rest of the executives in the Group. However, independence is not compromised, as the majority of the members of the Remuneration Committee are independent.

The RC met once during the financial year under review.

CORPORATE GOVERNANCE

Members of the RC carry out their duties in accordance with the terms of reference, which include the following:

a. Recommending to the Board on the framework of remuneration policies for Directors and senior management;

b. Reviewing and approving specific remuneration packages for each Director and the Chairman, including Director's fees, salaries, allowances, bonuses, options and benefits-in-kind; and

c. Reviewing the remuneration of Senior management.

The RC's recommendations are submitted for endorsement by the entire Board. No Director is involved in deciding his/her own remuneration. Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest.

The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

LEVEL AND MIX OF REMUNERATION
Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

The Company has a remuneration policy, which comprises a fixed and a variable component. The fixed and variable components comprise a base salary, variable bonus and/or profit sharing. In setting remuneration packages, the Company takes into account the group's relative performance and the performance of individual Directors. The pay and employment conditions within the same industry and in comparable companies are also given due consideration.

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company.

The Company has entered into separate service agreements with Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon, each of which is valid for an initial three year period and subject to automatic renewal every 3 years. The service contract does not contain any onerous removal clauses. Notice periods are three months in the service agreements for Executive Directors.

DISCLOSURE ON REMUNERATION
Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board has not included a separate annual remuneration report in its annual report for the current financial year as it is of view that the matters, which are required to be disclosed in the annual remuneration report, have

CORPORATE GOVERNANCE

already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

The Company does not have any employee share option scheme.

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in. The RC has reviewed the practice of the industry and considered the pros and cons of such disclosure.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 May 2015 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%)[1]	Total (%)
S$4,750,001 – S$5,000,000	Ong Pang Aik	13	81	2	4	100
S$2,500,001 – S$2,750,000	Ong Lay Huan	19	77	3	1	100
S$2,000,001 – S$2,250,000	Ong Lay Koon	22	73	3	2	100
Below S$250,000	Dr Wan Soon Bee[2]	–	–	–	100	100
Below S$250,000	Sitoh Yih Pin[2]	–	–	–	100	100

1. Includes fee for Directorships held in the Company.
2. Resigned as Independent Directors on 10 July 2015.

The remuneration of the top eight key executives comprises of fixed and variable component. Fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group's businesses and individual performance.

The remuneration for FY2015 of the top eight key executives are as follows:

S$500,000 to below S$750,000 : 2
S$250,000 to below S$500,000 : 4
Below S$250,000 : 2

In view of the market competition and information sensitivity, the Board believes that disclosure of the remuneration of top eight key executives in remuneration bands of S$250,000 would not be in the interest of the Company.

For the financial year ended 31 May 2015, the total remuneration paid to the top eight key executives (who are not Directors or the CEO) of the Company was S$3,207,009.

Ms Ong Sui Hui is the daughter of Mr Ong Pang Aik and niece of Ms Ong Lay Huan and Ms Ong Lay Koon, and Mr Ong Eng Keong, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan and Ms Ong Lay Koon. Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui, are the siblings of Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon. The remuneration of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap,

CORPORATE GOVERNANCE

Mr Ong Phang Hoo and Mr Ong Phang Hui exceed S$50,000 for FY2015. However, the Board is of the opinion that the remuneration details of Ms Ong Sui Hui, Mr Ong Eng Keong, Ms Ong Lee Yap, Mr Ong Phang Hoo and Mr Ong Phang Hui are confidential and disclosure of their remuneration in the bands of S$50,000 would not be in the interest of the Company.

Save as disclosed above, there were no other employees who were immediate family members of any Director or the Managing Director, whose remuneration for FY2015 exceeds S$50,000. There are no termination, retirement or any post-employment benefits to Directors and key officers.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY
Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The management provides board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the management prepares the management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board request for it.

The announcements for the quarterly, half-year and full-year financial results are released via the SGXNET. All material information relating to the Company is disseminated via SGXNET.

The Board will furnish, among others and whenever necessary, interim and other price sensitive public reports, and reports to the regulators with the aim of providing a balanced and understandable assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

The Board believes that the system of risk management and internal controls maintained by the management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business and strategic risks.

The Board has received assurance from the Chairman and Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2015 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective.

The Board has put in place a risk governance and internal control framework manual to define the strategic objectives and determine the risk appetite, tolerance and risk mitigation measures to address potential impediments to achieving these strategies. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management and

CORPORATE GOVERNANCE

various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 May 2015. The Board has also evaluated the internal control system against the COSO internal control framework for adequate and effective internal control. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board has also directed management who have put in place an enterprise risk management programme which is in line with ISO:31000, an accredited risk management standard. This allows the Board to be apprised of the key strategic, operational, financial and compliance risks. The Board will continue to update the risk governance framework and re-assess the business risks on an ongoing basis. This ensures that the pertinent risks are properly addressed and the internal controls remain relevant and effective to address the Group's risk exposures.

AUDIT COMMITTEE
Principle 12: Establishment of Audit Committee with Written Terms of Reference

The AC currently comprises of three Directors, two of whom are Independent and Non-Executive Directors:

1. Mr Low Beng Tin, Chairman
2. Mr Ko Chuan Aun
3. Ms Ong Lay Koon

The Board is of the view that the AC, chaired by Mr Low Beng Tin has sufficient financial management expertise and experience to discharge the AC's functions. Mr Ko Chuan Aun has more than 15 years of experience in business and management and Ms Ong Lay Koon has more than 15 years of experience in business and financial management. It is confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the AC and that the Independent Directors in the AC will continue to benefit from the experience and expertise of the Executive Director in the AC in carrying out their respective duties effectively.

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by management, full discretion to invite any Director or key executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC convened four meetings during the year. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

The key function of AC, which has written terms of reference, is to:

a. Review the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

b. Review the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;

CORPORATE GOVERNANCE

c. Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

d. Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

e. Review the effectiveness of the Company's internal audit function;

f. Make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

g. Review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

h. Review the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and

i. Review the audit plans and reports of the internal auditors and ensure the adequacy of the Company's system of internal controls.

The AC meets with the external and internal auditors, without the presence of management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2015 are as follows:-

Audit fees	:	S$620,000 (FY2014: S$499,000)
Non-audit fees	:	S$381,000 (FY2014: S$276,000)
Total	:	S$1,001,000 (FY2014: S$775,000)

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming AGM.

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.

CORPORATE GOVERNANCE

Whistle-blowing Policy

The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Low Beng Tin, the AC Chairman via email at whistleblowing@lianbenggroup.com.sg. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions.

INTERNAL AUDIT
Principle 13: Establishment of an Independent Internal Audit Function

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Group has outsourced its internal audit function to a professional firm, RSM Ethos Pte Ltd. The internal auditors report its finding directly to the AC.

The AC has reviewed with the internal auditors their risk based internal audit plan and their evaluation of the system of internal controls, their audit findings and the management's responses to those findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2015. The AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
Principle 14: Shareholder Rights

The Company recognizes and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Articles of Association. Information to all shareholders is disclosed to in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

COMMUNICATION WITH SHAREHOLDERS
Principle 15: Regular, Effective and Fair Communication with Shareholders

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

CORPORATE GOVERNANCE

While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable.

The Company does not have a dividend policy. For FY2015, the Board has declared an interim dividend of 1.0 cent per ordinary share and has also recommended a first and final (tax exempt one-tier) dividend of 1.0 cent per ordinary share and a special (tax exempt one-tier) dividend of 1.0 cent per ordinary share.

CONDUCT OF SHAREHOLDER MEETINGS
Principle 16: Encouragement of Greater Shareholder Participation at AGMs

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairman of the Board and the Chairmen of the AC, RC and NC as well as the external auditors are usually available at the general meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Articles of Association allows for shareholders of the Company to appoint up to two proxies to attend and vote in place of the shareholder. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

The Group puts all resolutions at general meeting to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings.

ADDITIONAL INFORMATION

Dealings in Securities

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one month before the Company's full year financial statements and ending on the date of the announcement of the relevant financial results.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

CORPORATE GOVERNANCE

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

There were no significant interested person transactions for FY2015.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Report of Directors and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of FY2015 or if not then subsisting, which were entered into since the end of the previous financial year.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 May 2015.

Directors

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

Ong Pang Aik (Chairman and Managing Director)
Ong Lay Huan (Executive Director)
Ong Lay Koon (Executive Director)
Low Beng Tin (Independent Director)
Ko Chuan Aun (Independent Director)

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
The Company				
Ordinary shares				
Ong Pang Aik	23,170,800	23,170,800	140,190,400	140,190,400
Ong Lay Huan	11,583,200	11,583,200	140,190,400	140,190,400
Ong Lay Koon	8,539,200	8,539,200	–	–

There was no change in the above-mentioned interests between the end of the financial year and 21 June 2015.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Ong Pang Aik and Ms Ong Lay Huan are deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

DIRECTORS' REPORT

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

Options

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Review the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;
- Review significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- Review the effectiveness of the Company's internal audit function;
- Make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- Review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

DIRECTORS' REPORT

- Review the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Review the audit plans and reports of the internal auditors and ensure the adequacy of the Company's system of internal controls.

The AC reviews the independence of the external auditors annually. The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board for the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company at the forthcoming Annual General Meeting.

The AC convened four meetings during the year. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
21 August 2015

STATEMENT BY DIRECTORS

We, Ong Pang Aik and Ong Lay Huan, being two of the directors of Lian Beng Group Ltd, do hereby state that, in the opinion of the directors:

(a) the accompanying statements of financial position, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2015 and of the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
21 August 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2015

TO THE MEMBERS OF LIAN BENG GROUP LTD

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 52 to 164, which comprise the statements of financial position of the Group and the Company as at 31 May 2015, the statements of changes in equity and the statements of comprehensive income of the Group and the Company and consolidated cash flow statement of the Group for the 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 our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 May 2015

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2015 and of the financial performance and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
21 August 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2015

		Group			Company	
	Note	2015	2014	2013	2015	2014
		$'000	$'000	$'000	$'000	$'000
			(Restated)	(Restated)		
Non-current assets						
Property, plant and equipment	4	91,589	82,038	58,773	5	–
Investment properties	5	351,277	262,386	211,421	–	–
Investment in subsidiaries	6	–	–	–	67,800	51,130
Investment in joint ventures	7	27,871	5,802	–	500	500
Investment in associates	8	11,084	–	1,104	1,400	1,400
Investment securities	9	53,743	98,918	9,313	20,710	28,120
Deferred tax assets	22	637	305	–	–	–
		536,201	449,449	280,611	90,415	81,150
Current assets						
Construction work-in-progress in excess of progress billings	10	7,186	9,252	4,397	–	–
Development properties	11	96,948	22,325	3,941	–	–
Development properties held for sale	11	14,268	4,968	5,389	–	–
Inventories	12	6,220	4,504	6,916	–	–
Trade receivables	13	159,742	132,539	146,421	–	–
Other receivables and deposits	14	21,545	22,022	2,215	3,729	130
Prepayments		1,473	1,722	1,682	5	4
Amounts due from related parties	15	1	1	1	171,427	117,197
Amounts due from joint ventures	15	51,200	65,281	81,426	9,885	27,284
Amounts due from associates	15	117,133	104,252	63,541	14,164	18,868
Investment securities	9	45,418	1,013	1,020	–	–
Cash and cash equivalents	16	187,058	148,237	140,531	536	35,369
		708,192	516,116	457,480	199,746	198,852
Current liabilities						
Progress billings in excess of construction work-in-progress	10	117,517	82,483	98,811	–	–
Trade and other payables	18	210,732	148,086	131,924	223	46
Accruals		19,559	24,216	14,890	458	448
Amounts due to associates	15	12,931	12,249	–	76	–
Amounts due to joint ventures	15	33,151	33,272	–	–	–
Amounts due to subsidiaries	19	–	–	–	161,013	148,845
Bank loans	20	65,878	52,109	2,963	–	–
Obligations under hire purchase	21	5,545	4,222	4,351	–	–
Provision for taxation		9,100	15,968	9,176	9	–
		474,413	372,605	262,115	161,779	149,339
Net current assets		233,779	143,511	195,365	37,967	49,513

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)	Group 2013 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000
Non-current liabilities						
Investment in associates	8	–	563	–	–	–
Investment in joint ventures		–	–	3,656	–	–
Refundable rental deposit		640	564	190	–	–
Bank loans	20	211,284	125,803	126,135	–	–
Obligations under hire purchase	21	10,237	8,354	6,787	–	–
Deferred tax liabilities	22	2,552	2,294	2,251	–	–
		224,713	137,578	139,019	–	–
Net assets		545,267	455,382	336,957	128,382	130,663
Equity attributable to owners of the Company						
Share capital	23	82,275	82,275	82,275	82,275	82,275
Treasury shares	23	(12,781)	–	–	(12,781)	–
Reserves		394,505	312,362	224,993	58,888	48,388
		463,999	394,637	307,268	128,382	130,663
Non-controlling interests		81,268	60,745	29,689	–	–
Total equity		545,267	455,382	336,957	128,382	130,663

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000
Revenue	25	746,998	683,045	20,330	26,000
Cost of sales		(667,699)	(557,807)	–	–
Gross profit		79,299	125,238	20,330	26,000
Other operating income	26	11,612	8,093	16,227	246
Distribution expenses		(2,145)	(453)	(72)	–
Administrative expenses		(25,352)	(22,600)	(1,544)	(989)
Other operating expenses	26	(10,233)	(8,531)	–	–
Finance costs	28	(5,510)	(2,885)	–	–
Share of results of associates		21,542	(3,013)	–	–
Share of results of joint ventures		22,083	7,190	–	–
		91,296	103,039	34,941	25,257
Fair value gain on Group's investment properties	5	52,374	37,242	–	–
Profit before taxation		143,670	140,281	34,941	25,257
Taxation	29	(7,607)	(13,284)	(10)	–
Profit for the year, net of taxation		136,063	126,997	34,931	25,257
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Net (loss)/gain on fair value changes of available-for-sale financial assets		(8,145)	6,850	(7,410)	6,400
Foreign currency translation		(24)	3	–	–
Other comprehensive (loss)/income for the year, net of taxation		(8,169)	6,853	(7,410)	6,400
Total comprehensive income for the year		127,894	133,850	27,521	31,657
Profit attributable to:					
Owners of the Company		108,028	87,138	27,521	31,657
Non-controlling interests		28,035	39,859	–	–
		136,063	126,997	27,521	31,657
Total comprehensive income attributable to:					
Owners of the Company		99,859	93,991	27,521	31,657
Non-controlling interests		28,035	39,859	–	–
		127,894	133,850	27,521	31,657
Earnings per share (Cents)					
Basic and diluted	30	20.85	16.45		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

	Attributable to owners of the Company						
	Share capital (Note 23) $'000	Treasury shares (Note 23) $'000	Retained earnings $'000	Other reserves (Note 24) $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
2015							
Group							
Balance at 1 June 2014	82,275	–	304,454	7,908	312,362	60,745	455,382
Profit for the year	–	–	108,028	–	108,028	28,035	136,063
Other comprehensive income							
Net loss on fair value changes of available-for-sale financial assets	–	–	–	(8,145)	(8,145)	–	(8,145)
Foreign currency translation	–	–	–	(24)	(24)	–	(24)
Other comprehensive loss for the year, net of taxation	–	–	–	(8,169)	(8,169)	–	(8,169)
Total comprehensive income/(loss) for the year	–	–	108,028	(8,169)	99,859	28,035	127,894
Contribution by and distribution to owners							
Acquisition and disposal of non-controlling interests without a change in control	–	–	–	(695)	(695)	695	–
Dividends on ordinary shares (Note 39)	–	–	(17,021)	–	(17,021)	–	(17,021)
Purchase of treasury shares	–	(12,781)	–	–	–	–	(12,781)
Dividends paid to non-controlling interest of a subsidiary	–	–	–	–	–	(8,550)	(8,550)
Capital contributions by, net of return to non-controlling interests	–	–	–	–	–	343	343
Total transactions with owners in the capacity as owners	–	(12,781)	(17,021)	(695)	(17,716)	(7,512)	(38,009)
Balance at 31 May 2015	82,275	(12,781)	395,461	(956)	394,505	81,268	545,267

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

	Attributable to owners of the Company					
	Share capital (Note 23) $'000	**Retained earnings** $'000	**Other reserves (Note 24)** $'000	**Total reserves** $'000	**Non-controlling interests** $'000	**Total equity** $'000
2014						
Group						
Balance at 1 June 2013	82,275	177,320	1,055	178,375	1,444	262,094
Effect of the change in accounting policy	–	46,618	–	46,618	28,245	74,863
As restated at 1 June 2013	82,275	223,938	1,055	224,993	29,689	336,957
Profit for the year	–	87,138	–	87,138	39,859	126,997
<u>Other comprehensive income</u>						
Net gain on fair value changes of available-for-sale financial assets	–	–	6,850	6,850	–	6,850
Foreign currency translation	–	–	3	3	–	3
Other comprehensive income for the year, net of taxation	–	–	6,853	6,853	–	6,853
Total comprehensive income for the year	–	87,138	6,853	93,991	39,859	133,850
<u>Contribution by and distribution to owners</u>						
Dividends on ordinary shares (Note 39)	–	(6,622)	–	(6,622)	–	(6,622)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(9,300)	(9,300)
Capital contributions by non-controlling interests	–	–	–	–	497	497
Total transactions with owners in the capacity as owners	–	(6,622)	–	(6,622)	(8,803)	(15,425)
Balance at 31 May 2014	82,275	304,454	7,908	312,362	60,745	455,382

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

	Attributable to owners of the Company					
	Share capital (Note 23) $'000	**Treasury shares** $'000	**Fair value adjustment reserve (Note 24)** $'000	**Retained earnings** $'000	**Total Reserves** $'000	**Total equity** $'000
2015						
Company						
Balance at 1 June 2014	82,275	–	6,400	41,988	48,388	130,663
Profit for the year	–	–	–	34,931	34,931	34,931
Other comprehensive income						
Net loss on fair value changes of available-for-sale financial assets	–	–	(7,410)	–	(7,410)	(7,410)
Other comprehensive loss for the year, net of taxation	–	–	(7,410)	–	(7,410)	(7,410)
Total comprehensive (loss)/ income for the year	–	–	(7,410)	34,931	27,521	27,521
Contribution by and distribution to owners						
Purchase of treasury shares	–	(12,781)	–	–	–	(12,781)
Dividends on ordinary shares (Note 39)	–	–	–	(17,021)	(17,021)	(17,021)
Balance at 31 May 2015	82,275	(12,781)	(1,010)	59,898	58,888	128,382
2014						
Company						
Balance at 1 June 2013	82,275	–	–	23,353	23,353	105,628
Profit for the year	–	–	–	25,257	25,257	25,257
Other comprehensive income						
Net gain on fair value changes of available-for-sale financial assets	–	–	6,400	–	6,400	6,400
Other comprehensive income for the year, net of taxation	–	–	6,400	–	6,400	6,400
Total comprehensive income for the year	–	–	6,400	25,257	31,657	31,657
Contribution by and distribution to owners						
Dividends on ordinary shares (Note 39)	–	–	–	(6,622)	(6,622)	(6,622)
Balance at 31 May 2014	82,275	–	6,400	41,988	48,388	130,663

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2015

	Note	2015 $'000	2014 $'000 (Restated)
Cash flows from operating activities			
Profit before taxation		143,670	140,281
Adjustments for:			
Depreciation of property, plant and equipment	4	15,830	11,781
Impairment loss on development property held for sale	26(b)	500	–
Impairment loss on investment property	26(b)	–	500
Fair value gain on investment properties	5	(52,374)	(37,242)
Dividend income from investment securities	26(a)	(407)	(255)
Gain on disposal of plant and equipment	26(a)	(1,478)	(735)
Fair value loss on investment securities	26(b)	2	7
Gain on disposal of investment securities	26(a)	(23)	(154)
Gain on bargain purchase	26(a)	–	(121)
Interest income		(6,516)	(5,014)
Interest expense	28	5,510	2,885
Unrealised exchange differences		(20)	11
Property, plant and equipment written off	26(b)	6	9
Deposit written off	26(b)	150	–
Allowance for doubtful trade receivables	26(b)	181	528
Bad debts written-off	26(b)	499	35
Share of results of associates and joint ventures		(43,625)	(4,177)
Operating cash flows before changes in working capital		61,905	108,339
Changes in working capital:			
Development properties		(73,970)	(17,844)
Construction work-in-progress		41,706	(20,217)
Inventories		(1,716)	2,412
Trade receivables		(27,577)	13,387
Other receivables and deposits		327	(19,802)
Prepayments		249	(28)
Properties held for sale		–	421
Trade payables, other payables and accruals		43,022	15,738
Balances with related parties		5,318	(36,229)
		(12,641)	(62,162)
Cash flows from operations		49,264	46,177
Interest paid capitalised in development properties		(653)	(540)
Income tax paid		(14,549)	(6,897)
Net cash flows from operating activities		34,062	38,740

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2015

	Note	2015 $'000	2014 $'000 (Restated)
Cash flows from investing activities			
Interest received		6,396	4,588
Dividend income from investment securities		407	255
Dividend income from associates		9,880	–
Additional investments in investment securities		(8,258)	(89,948)
Purchase of property, plant and equipment (Note A)		(17,619)	(19,114)
Purchase of investment properties		(46,317)	(12,316)
Proceeds from disposal of property, plant and equipment		1,574	918
Net cash outflow on acquisition of a subsidiary		–	(3,583)
Loans to associates		(27,274)	(833)
Investment in associates		(982)	(1,204)
Repayment of loan by joint ventures		23,565	57,502
Proceeds from disposal of investment securities		1,024	7,772
Net cash flows used in investing activities		(57,604)	(55,963)
Cash flows from financing activities			
Interest paid		(5,510)	(2,885)
Proceeds from bank loans		102,306	66,491
Repayment of hire purchase creditors		(4,658)	(5,062)
Repayment of bank loans		(3,056)	(21,776)
Dividend paid on ordinary shares		(17,021)	(6,622)
Purchase of treasury shares		(12,781)	–
Dividends paid to non-controlling interest of subsidiaries		(8,550)	(9,300)
Loan from the non-controlling interests of subsidiaries		11,294	3,592
Capital contributions by, net of return to non-controlling interests of subsidiaries		343	497
Net cash flows from financing activities		62,367	24,935
Net increase in cash and cash equivalents		38,825	7,712
Cash and cash equivalents at beginning of the year		148,237	140,531
Effect of exchange rate changes on cash and cash equivalents		(4)	(6)
Cash and cash equivalents at end of the year	16	187,058	148,237

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 May 2015

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $25,483,000 (2014: $25,614,000) of which $7,864,000 (2014: $6,500,000) were acquired by means of hire purchase arrangements. Cash payments of $17,619,000 (2014: $19,114,000) were made to purchase property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

1. Corporate information

Lian Beng Group Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on 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.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations, joint ventures and associates are disclosed in Note 6, Note 7 and Note 8 to the financial statements, respectively.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 June 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as discussed below.

FRS 111 *Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures*

The adoption of FRS 111 has resulted in the Group having to revise its method of accounting for its joint arrangements. Investments in jointly controlled entities had been previously consolidated proportionately. Under FRS 111, these arrangements are classified as joint ventures and are to be equity accounted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.2 *Changes in accounting policies (cont'd)*

FRS 111 *Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (cont'd)*

The change in accounting policy has been applied in accordance with the transitional provision in FRS 111. The initial investment was measured as the aggregate of the carrying amounts of the assets and liabilities that the Group previously proportionately consolidated. The effects of adoption of FRS 111 and FRS 28 are as follows:

Impact on statement of comprehensive income ((decrease)/increase):

	Group
	For the year ended 31 May 2014 $'000
Revenue	(70,844)
Cost of sales	(53,986)
Gross profit	(16,858)
Other operating income	1,960
Distribution expenses	(6,027)
Administrative expenses	(371)
Other operating expenses	(52)
Finance costs	(22)
Share of results of joint ventures	7,190
Profit before taxation	(1,236)
Taxation	(1,236)
Net impact on profit, net of taxation	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.2 *Changes in accounting policies (cont'd)*

FRS 111 *Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures* *(cont'd)*

Impact on statement of financial position (increase/(decrease)):

	Group	
	As at 31 May 2014	**As at 1 June 2013**
	$'000	$'000
ASSETS		
Non-current assets		
Property, plant and equipment	–	(2)
Investment in joint ventures	5,802	–
Deferred tax assets	(286)	(200)
	5,516	(202)
Current assets		
Prepayments	–	(1)
Development properties	(143,177)	(158,486)
Trade receivables	(26,058)	(14,747)
Other receivables and deposits	(159)	(51)
Amounts due from joint ventures	53,733	74,394
Cash and cash equivalents	(28,469)	(30,354)
	(144,130)	(129,245)
Total assets	(138,614)	(129,447)
LIABILITIES		
Current liabilities		
Progress billings in excess of construction work-in-progress	(19)	(6)
Trade and other payables	(4,172)	(2,689)
Accruals	(782)	(140)
Amounts due to joint ventures	33,272	–
Bank loans	(25,895)	–
Provision for taxation	(132)	(127)
	2,272	(2,962)
Non-current liabilities		
Investment in joint ventures	–	3,656
Bank loans	(139,597)	(130,141)
Deferred tax liabilities	(1,289)	–
	(140,886)	(126,485)
Total liabilities	(138,614)	(129,447)
Net assets	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.2 *Changes in accounting policies (cont'd)*

FRS 111 *Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (cont'd)*

Impact on cash flows statement (increase/(decrease)):

	Group
	As at 31 May 2014
	$'000
Operating activities	(22,125)
Investing activities	59,338
Financing activities	(35,329)
Net increase in cash and cash equivalents	1,884

The Group has opted to provide the quantitative disclosures of the effect of the application of FRS 28 and FRS 111 only for the immediately preceding period (i.e., period ended 31 May 2014 and not for the current period).

2.3. *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.3. ***Standards issued but not yet effective*** *(cont'd)*

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendment to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments*, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting period on adoption of FRS 115 and FRS 109 are described below:

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.3. ***Standards issued but not yet effective*** *(cont'd)*

FRS 115 *Revenue from Contracts with Customers* *(cont'd)*

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

In December 2014, the ASC issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption.

The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.4 ***Basis of consolidation and business combinations*** *(cont'd)*

(a) ***Basis of consolidation*** *(cont'd)*

- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) ***Business combinations and goodwill***

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) ***Business combinations and goodwill*** *(cont'd)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.6 *Foreign currency (cont'd)*

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other assets is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold properties	–	50 years
Leasehold properties	–	4 to 22 years
Plant and machinery	–	3 to 10 years
Furniture, fittings and office equipment	–	3 to 5 years
Motor vehicles	–	3 to 5 years
Tugboats and barges	–	10 to 15 years
Workers' dormitory	–	3 years

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.7 ***Property, plant and equipment*** *(cont'd)*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2.8 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.9 *Impairment of non-financial assets (cont'd)*

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

Raw materials (construction)	–	Purchase costs determined on a first-in first-out basis
Raw materials (concrete and sands)	–	Determined on a weighted-average basis

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less any impairment losses.

2.12 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.12 *Joint arrangements (cont'd)*

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) ***Joint operations***

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) ***Joint ventures***

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.13.

2.13 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.13 *Joint ventures and associates* *(cont'd)*

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

For financial statements of the associate or joint venture which are prepared as of the same reporting date of the Company, the most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year.

2.14 *Affiliated company*

An affiliated company is a company, not being a subsidiary or an associate, in which one or more of the directors or shareholders of the Company have a significant equity interest or exercise significant influence.

2.15 *Construction contracts*

The Group principally operates fixed price contracts. 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 end of the reporting period (the percentage of completion method), when the outcome of a contract can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.15 *Construction contracts* *(cont'd)*

The outcome of a contract can be estimated reliably when (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on value of work performed as certified by the architects or quantity surveyors to the total contract sum.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.16 *Development properties/development properties held for sale*

Development properties/development properties held for sale are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties/development properties held for sale are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred. Show flats expenses are capitalised and amortised over the marketing period.

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 date 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 costs of development properties recognised in the profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Progress billings received from purchasers for development properties of the Group outside the scope of INT FRS 115 *Agreement for the Construction of Real Estates* are classified as progress billings received in advance in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.17 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.17 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.17 *Financial instruments* *(cont'd)*

(b) *Financial liabilities* *(cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.18 *Impairment of financial assets (cont'd)*

(a) ***Financial assets carried at amortised cost*** *(cont'd)*

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) ***Available-for-sale financial assets***

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.18 *Impairment of financial assets* *(cont'd)*

(c) *Available-for-sale financial assets* *(cont'd)*

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.19 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.22 *Employee benefits*

(a) ***Defined contribution plan***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.23 Leases

(a) ***As lessee***

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(i). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.24 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.25 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) ***Construction contract revenue***

Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to value of work performed as certified by the architects or quantity surveyors to the total contract sum.

(b) ***Provision of engineering and electrical works***

Revenue from provision of engineering and electrical works is recognised based on the percentage of completion method, measured by reference to the cost incurred to the total estimated cost. Foreseeable losses are provided for when the likelihood is anticipated.

(c) ***Sale and maintenance of construction machinery and equipment***

Revenue from sale and maintenance of construction machinery and equipment is recognised when machinery is delivered or when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.25 Revenue *(cont'd)*

(d) ***Sale of development properties/development properties held for sale***

For sales of development properties of the Group that are within the scope as described in the Accompanying Note to INT FRS 115 *Agreements for the Construction of Real Estate*, the Group recognises revenue using the percentage of completion method based on the stage of completion as certified by architects or quantity surveyors. Under the percentage of completion method, profits are recognised only in respect of sales agreements finalised and to the extent that such profits relate to the progress of the construction of development properties.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer.

(e) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(f) ***Rendering of services***

Revenue from rendering of services is recognised when the service is rendered.

(g) ***Interest income***

Interest income is recognised using the effective interest method.

(h) ***Dividend income***

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

(i) ***Rental income***

Rental income arising from operating leases on investment properties, machineries and shipchartering are accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.26 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.26 *Taxes (cont'd)*

(b) ***Deferred tax*** *(cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

2.27 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

2. Summary of significant accounting policies *(cont'd)*

2.28 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Determination of lease classification

The Group has entered into commercial property leases on its investment properties, tugboat and barges. The Group has evaluated the terms and conditions of the arrangements and assessed that the lease term does not constitute a substantial portion of the economic life of the commercial property and the minimum lease payment is not substantially all of the fair value of the leased asset. The Group determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(ii) Impairment of available-for-sale investments

The Group reviews its investment securities classified as available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 May 2015, no impairment loss (2014: $Nil) was recognised for available-for-sale financial assets.

(iii) Classification of property

The Group determined whether a property is classified as investment property or development property based on the following:

– Investment property comprises land and buildings (principally residential properties and dormitories) which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

3. Significant accounting estimates and judgements *(cont'd)*

(a) *Judgements made in applying accounting policies* *(cont'd)*

(iii) Classification of property *(cont'd)*

– Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

(vi) Classification of investments as associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 8 to the financial statements.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective countries of the Group's domicile.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

3. Significant accounting estimates and judgements *(cont'd)*

(b) *Key sources of estimation uncertainty* *(cont'd)*

(ii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 35 to the financial statements.

(iii) Construction contract revenue

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to value of work performed as certified by the architects or quantity surveyors to the total contract sum. Significant assumptions are required to estimate the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project specialists. Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, management relies on past experience and/or the work of the project specialists. Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total contract costs and construction work-in-progress of progress billings indicate full project recovery. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 10 to the financial statements. If the estimated total contract cost had been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been \$390,000 (2014: \$500,000) higher and \$5,748,000 (2014: \$3,941,000) higher respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

3. Significant accounting estimates and judgements *(cont'd)*

(b) *Key sources of estimation uncertainty (cont'd)*

(iv) Estimation of net realisable value of development properties/development properties held for sale

Development properties/development properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of development properties/development properties held for sale 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/development properties held for sale at the end of the reporting period is disclosed in Note 11 to the financial statements.

(v) Revaluation 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 2015. The three valuation techniques adopted were the Comparative Method of Valuation, Income Approach Method and Residual 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 market value of the property. The second involves the conversion of the net income of the property 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 value of the property is arrived at by capitalising the net rent at a suitable rate of return. The third involves the estimation of the Gross Development Value of project by analysing the recent transacted prices of comparable properties in the vicinity and other comparable locations. From the value, various estimated costs of development, such as construction and demolition costs, professional and statutory fees and other expenses are deducted to arrive at the residual value that would represent the amount a prudent buyer would pay for the site.

The carrying amount of the Group's investment properties at 31 May 2015 was $351,277,000 (2014: $262,386,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

4. Property, plant and equipment

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Tugboats and barges under construction $'000	Plant under construction $'000	Workers' dormitory $'000	Total $'000
Cost											
At 1 June 2013	6,185	7,531	8,328	65,773	7,644	6,827	6,760	126	–	493	109,667
Additions	–	–	–	19,331	871	2,366	1,134	1,912	–	–	25,614
Disposals	–	–	–	(1,299)	(8)	(1,058)	–	–	–	–	(2,365)
Written off	–	–	–	(401)	(475)	(314)	–	–	–	–	(1,190)
Reclassification to investment property	–	–	–	(585)	(1,387)	–	–	–	–	–	(1,972)
Reclassification	–	–	–	59	(59)	–	126	(126)	–	–	–
Acquisition of a subsidiary company (Note 6)	–	–	11,500	259	159	–	–	–	–	–	11,918
At 31 May 2014	6,185	7,531	19,828	83,137	6,745	7,821	8,020	1,912	–	493	141,672
Additions	–	–	–	12,538	1,469	1,178	3,888	–	6,410	–	25,483
Disposals	–	–	–	(4,972)	(3)	(216)	–	–	–	–	(5,191)
Written off	–	–	–	(366)	(33)	–	–	–	–	–	(399)
Reclassification	–	–	–	–	–	–	972	(972)	–	–	–
At 31 May 2015	6,185	7,531	19,828	90,337	8,178	8,783	12,880	940	6,410	493	161,565

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

4. Property, plant and equipment *(cont'd)*

Group	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tugboats and barges $'000	Tugboats and barges under construction $'000	Plant under construction $'000	Workers' dormitory $'000	Total $'000
Accumulated depreciation and impairment loss											
At 1 June 2013	–	387	3,141	39,069	4,207	3,444	234	–	–	410	50,892
Depreciation charge for the year	–	151	1,828	7,138	866	943	772	–	–	83	11,781
Disposals	–	–	–	(1,149)	(8)	(1,023)	–	–	–	–	(2,180)
Written off	–	–	–	(398)	(470)	(313)	–	–	–	–	(1,181)
Reclassification to investment property	–	–	–	(19)	(46)	–	–	–	–	–	(65)
Reclassification	–	–	–	59	(59)	–	–	–	–	–	–
Acquisition of a subsidiary company (Note 6)	–	–	–	259	128	–	–	–	–	–	387
At 31 May 2014	–	538	4,969	44,959	4,618	3,051	1,006	–	–	493	59,634
Depreciation charge for the year	–	151	2,394	9,661	1,172	1,362	1,090	–	–	–	15,830
Disposals	–	–	–	(4,878)	(1)	(216)	–	–	–	–	(5,095)
Written off	–	–	–	(360)	(33)	–	–	–	–	–	(393)
At 31 May 2015	–	689	7,363	49,382	5,756	4,197	2,096	–	–	493	69,976
Net carrying amount											
At 31 May 2015	6,185	6,842	12,465	40,955	2,422	4,586	10,784	940	6,410	–	91,589
At 31 May 2014	6,185	6,993	14,859	38,178	2,127	4,770	7,014	1,912	–	–	82,038

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

4. Property, plant and equipment *(cont'd)*

	Office Equipment $'000
Company	
Cost	
At 1 June 2013 and 1 June 2014	–
Additions	5
At 31 May 2015	5
Accumulated depreciation	
At 1 June 2013 and 1 June 2014	–
Depreciation charge for the year	–
At 31 May 2015	–
Net carrying amount	
At 31 May 2015	5
At 31 May 2014	–

The depreciation charged to the profit or loss for the year is derived as follows:

	Group	
	2015 $'000	**2014** $'000
Depreciation for the year	15,830	11,781
Depreciation included in construction work-in-progress	(2,497)	(2,010)
Depreciation previously included in construction work-in-progress now charged to the profit or loss	2,497	2,010
Depreciation charged to the profit or loss	15,830	11,781

Included in the carrying amount of property, plant and equipment are the following:

Tugboats and barges mortgaged to bank for credit facilities granted to a subsidiary	10,784	7,014
Freehold properties mortgaged to bank for credit facilities granted to a subsidiary	13,027	13,178
Plant, machinery, motor vehicles and office equipment acquired under hire purchase arrangements	24,025	19,635
Leasehold properties mortgaged to banks for credit facility granted to subsidiaries	11,527	13,787

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

4. Property, plant and equipment *(cont'd)*

Details of the Group's properties are as follows:

Description and location	Tenure	Site Area (square metre)	Gross Floor Area (square metre)	Interest held by the Group (%)
An industrial flatted factory at Senoko Drive, Singapore	22 years (effective from 1 October 2000)	10,143	3,473	100
A 10-storey multi-user light industrial factory at 29 Harrison Road, Singapore	Freehold	1,007	2,519	100
A factory at 60 Sungei Kadut Street 1, Singapore	10 years (effective from 1 July 2006) and subsequent extension of 9.5 years (effective from 1 July 2016)	20,199	3,184	100
A 6-storey detached factory building at 2 Penjuru Close, Singapore	30 years (effective from 16 October 1995)	5,796	10,119	100

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its freehold and leasehold properties. There was no impairment loss (2014: $Nil) recognised for the financial year ended 31 May 2015. The recoverable amount is based on the valuations performed by accredited independent valuers.

5. Investment properties

Statement of financial position:

	Group	
	2015	**2014**
	$'000	$'000
Beginning of financial year	262,386	211,421
– Additions to investment properties	46,317	12,316
– Impairment loss on investment property	–	(500)
– Transfer from property, plant and equipment	–	1,907
– Net fair value gain recognised in profit or loss	52,374	37,242
– Reclassification to development property held for sale	(9,800)	–
End of financial year	351,277	262,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

5. Investment properties *(cont'd)*

Statement of comprehensive income:

	Group	
	2015	**2014**
	$'000	$'000
Revenue		
Rental income from investment properties:		
– Minimum lease payments	22,787	18,443
Other operating income		
Rental income from investment properties:		
– Minimum lease payments	401	193
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	7,099	5,885
– Non-rental generating properties	–	70
	7,099	5,955

The Group has no restrictions on the realisability of its investment properties.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 May 2015 and 31 May 2014. The valuations were performed by Knight Frank Pte Ltd, Savills Valuation And Professional Services (S) Pte Ltd and Suntec Real Estate Consultants Pte Ltd, which are independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34.

Properties pledged as security

Investment properties with carrying amount of $321,000,000 (2014: $220,000,000) are mortgaged to banks for credit facilities granted to subsidiaries.

Capitalisation of borrowing costs

The Group's freehold land and leasehold property under development includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction and development of the properties. During the financial year, the borrowing costs capitalised as investment property under development amounted to $740,000 (2014: $148,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.94% to 2.57% (2014: 1.81% to 2.11%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 May 2015

5. Investment properties *(cont'd)*

Transfer from property, plant and equipment

During the financial year, the Group transferred property, plant and equipment with carrying amount of $Nil (2014: $1,907,000) to investment property.

Details of the Group's investment properties as at 31 May 2015 are as follows:

Description and location	Tenure	Existing Use	Gross Floor Area (square metre)	Interest held by the Group (%)
An industrial terrace flatted factory at 25 Playfair Road, Singapore	Freehold	Offices	1,659	100
32, 34 & 36 Mandai Estate, Singapore	Freehold	Dormitory	29,056	55
111 Emerald Hill Road #05-02, 111 Emerald Hill, Singapore	Freehold	Residential	224	100
111 Emerald Hill Road #03-03, 111 Emerald Hill, Singapore	Freehold	Residential	183	100
38 Cairnhill Road #15-06 The Laurels, Singapore	Freehold	Residential	51	100
76 Dakota Crescent #18-13 Waterbank at Dakota, Singapore	Leasehold	Residential	58	100
134 Serangoon Avenue 3 #15-15 The Scala, Singapore	Leasehold	Residential	97	100
1 Khiang Guan Avenue #22-02 Lincoln Suites, Singapore	Freehold	Residential	150	100

Details of the Group's investment properties under construction and development as at 31 May 2015 are as follows:

Description and location	Tenure	Existing Use	Gross Floor Area (square metre)	Interest held by the Group (%)
24 Leng Kee Road, Singapore	Leasehold	Industrial	6,576	80
16 Spottiswoode Park Road #36-07 Spottiswoode Suites, Singapore	Freehold	Residential	117	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity investments, at cost	67,800	51,130

(a) ***Composition of the Group***

Details of the subsidiaries are as follows:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	**2014** (%)	**2015** $'000	**2014** $'000
Held by the Company						
Lian Beng Construction (1988) Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	10,539	10,539
L.S. Construction Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	3,308	3,308
Lian Beng Engineering & Machinery Pte Ltd **	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	100	–	17,027	–
Sinmix Pte Ltd **	Manufacture and supply of concrete	Singapore	90	–	16,129	–
Tradewin Engineering Pte Ltd **	Sale, rental and maintenance of construction machinery and equipment and the provision of electrical works	Singapore	100	100	358	358
Lian Beng Investment Pte Ltd **	Property investment holding	Singapore	100	100	1,353	1,353

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(a) *Composition of the Group* *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	2014 (%)	2015 $'000	2014 $'000
Held by the Company						
Lian Beng Realty Pte Ltd **	Property developer	Singapore	100	100	1,000	1,000
Rocca Investments Pte Ltd **	Property developer	Singapore	100	100	1,400	1,400
Deenn Engineering Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	8,500	8,500
Smooth Venture Pte Ltd ****	Business of an investment company	Singapore	100	100	1	1
CH Development Pte Ltd **	Property investment holding	Singapore	100	100	# –	# –
Kovan Land Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
LB Property Pte Ltd **	Provision of management services	Singapore	100	100	# –	# –
Goldprime Investment Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
LB Land Pte Ltd **	Property investment holding	Singapore	100	100	# –	# –
Millennium International Builders Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	600	600

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(a) *Composition of the Group (cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	2014 (%)	2015 $'000	2014 $'000
Held by the Company						
Lian Beng Resources Pte Ltd **	Trading of construction materials	Singapore	100	100	2,000	1,500
Lian Beng-Centurion (Mandai) Pte Ltd **	Property developer	Singapore	55	55	550	550
Lian Beng Land Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Millennium Marine & Shipping Pte Ltd **	Shipping operations including chartering of ships	Singapore	100	100	50	50
Luxe Development Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Sin Lian Holding Ltd ***	Investment holding	Cayman Islands	100	96.5	# –	17,496
Lian Beng Marine Pte Ltd ****	Transportation of raw materials	Singapore	100	100	1	1
Lian Beng (M) Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Starview Investment Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Lian Beng Bliss Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Wealth Property Pte Ltd **	Property developer	Singapore	65	65	650	650
Wealth Land Pte Ltd **	Investment holding	Singapore	100	100	# –	# –

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(a) *Composition of the Group* *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	2014 (%)	2015 $'000	2014 $'000
Held by the Company						
Lian Beng (China) Pte Ltd **	Property developer and investment holding	Singapore	100	100	# –	# –
Goldprime Property Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Wealth Assets Pte Ltd **	Investment holding and automotive business	Singapore	80	80	# –	# –
Lian Beng Capital Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Associated KHL Industries Pte Ltd **	Engineering, automation and technical services, rental income	Singapore	100	100	3,824	3,824
Goldprime (M) Pte Ltd **(1)	Investment holding	Singapore	100	–	# –	# –
Goldprime Land Pte Ltd **(1)	Property developer	Singapore	51	–	510	–
Wealth Dormitory Pte Ltd ****(1)	Investment holding	Singapore	100	–	# –	# –
Goldprime Dormitory Pte Ltd **(1)	Investment holding	Singapore	100	–	# –	# –
LB Property (S) Pte Ltd **(1)	Investment holding	Singapore	100	–	# –	# –
Lian Beng Ventures Pte Ltd *****(1)	Investment holding	Singapore	100	–	# –	# –

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(a) ***Composition of the Group*** *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	2014 (%)	2015 $'000	2014 $'000
Held by subsidiaries						
Lian Beng (Bangladesh) Training and Testing Centre Pte Ltd *	Provision of training for construction workers	Bangladesh	70	70	–	–
Lian Beng Training & Testing Centre Pte Ltd **	Provision of management services	Singapore	70	70	–	–
Mountbatten Development Pte Ltd **	Property developer	Singapore	100	100	–	–
TAC System Formwork (S) Pte Ltd **	Provision of formwork services	Singapore	60	60	–	–
Sim Hup Co Pte Ltd **	Installation, repair and maintenance of machinery and equipment and engineering works	Singapore	100	100	–	–
Lian Beng-Centurion (Dormitory) Pte Ltd **	Property investment holding and provision of dormitory services	Singapore	55	55	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(a) *Composition of the Group* *(cont'd)*

Name of company	Principal activities	Principal place of business	Proportion of ownership interest		Cost of investment	
			2015 (%)	2014 (%)	2015 $'000	2014 $'000
Held by subsidiaries						
Lian Beng Engineering & Machinery Pte Ltd **	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	–	96.50	–	–
Sinmix Pte Ltd **	Manufacture and supply of concrete	Singapore	–	96.50	–	–
Lian Beng Resources Sdn Bhd ******	Provision of administrative service	Malaysia	100	100	–	–
Lian Beng Wan Chung JV Pte Ltd [2]	General building construction	Singapore	–	51	–	–
Lian Beng Ventures (Melbourne) Pty Ltd *****[1]	Investment holding	Australia	100	–	–	–
					67,800	51,130

* Audited by Dewan Nazrul Islam & Co
** Audited by Ernst & Young LLP, Singapore
*** Not required to be audited as exempted by country of incorporation
**** Not required to be audited as it was dormant during the year
***** Not required to be audited as it was incorporated less than 6 months from financial year end
****** Audited by member firm of Ernst & Young LLP
# Denotes less than $1,000
[1] Incorporated during the year
[2] Company strike off during the year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(b) *Interest in subsidiary with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Proportion Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 May 2015:					
Lian Beng-Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng-Centurion (Dormitory) Pte Ltd)	Singapore	45%	28,585	78,252	8,550
31 May 2014:					
Lian Beng-Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng-Centurion (Dormitory) Pte Ltd)	Singapore	45%	39,423	58,217	9,000

Significant restrictions

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(c) *Summarised financial information about subsidiaries with material NCI (cont'd)*

Summarised statement of financial position

	Lian Beng-Centurion (Mandai) Pte Ltd and its subsidiary (Lian Beng- Centurion (Dormitory) Pte Ltd)	
	As at 31 May 2015	**As at 31 May 2014**
	$'000	$'000
Current		
Assets	14,872	33,535
Liabilities	(15,467)	(25,839)
Net current (liabilities)/ assets	(595)	7,696
Non-current		
Assets	270,844	220,769
Liabilities	(96,356)	(99,094)
Net non-current assets	174,488	121,675
Net assets	173,893	129,371

Summarised statement of comprehensive income

Revenue	22,442	142,175
Other income	208	121
Fair value gain on investment property	50,000	38,123
Profit before taxation	66,220	97,038
Taxation	(2,698)	(9,431)
Profit after taxation	63,522	87,607
Other comprehensive income	–	–
Total comprehensive income	63,522	87,607

Other summarised information

Net cash flows from operations	16,712	52,727
Acquisition of significant property, plant and equipment and investment properties	311	11,718

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(d) *Acquisition of subsidiary*

In the previous financial year, the Company acquired 100% equity interest in Associated KHL Industries Pte Ltd ("KHL") for a purchase consideration of $3,824,000. KHL is a company incorporated in Singapore with Mr Ong Pang Aik as the sole shareholder and Mr Chiew Hock You as the sole director.

KHL owns a Jurong Town Corporation property situated at 2 Penjuru Close, Singapore 608611. The property is intended to be used internally.

The fair values of the identifiable assets and liabilities of KHL as at the acquisition date were:

	2014 Fair value recognised $'000
Assets	
Property, plant and equipment	11,531
Trade and other receivables	73
Cash and cash equivalents	241
Prepayments	11
	11,856
Liabilities	
Trade and other payables	3,668
Provision for taxation	138
Bank loan	4,100
Deferred tax	5
	7,911
Total identifiable net assets at fair value	3,945
Gain on bargain purchase	(121)
Consideration paid for the acquisition of KHL	3,824
Effect of the acquisition of KHL on cash flow:	
Total consideration paid	3,824
Less: Cash and cash equivalents of subsidiary acquired	(241)
Net cash outflow on acquisition	3,583

The fair valuation of the identifiable net assets of KHL has been finalised in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(d) ***Acquisition of subsidiary*** *(cont'd)*

Impact of acquisition on profit or loss

From the acquisition date to the end of the previous financial year, KHL contributed $387,000 of other operating income and $36,000 of net loss to the Group. If the business combination had taken place at the beginning of the previous financial year, the other operating income for the Group would have been $7,013,000 and the Group's profit net of taxation would have been $127,155,000.

Internal restructuring of subsidiary companies for purpose of Taiwan listing

On 20 December 2011, the Company incorporated a subsidiary company, Sin Lian Holding Ltd ("SLH") in the Cayman Islands. SLH was established in connection with the proposed listing of the Group's engineering and concrete business on the Stock Exchange in Taiwan.

Following the incorporation of SLH, the Group effected an internal restructuring of the shareholding structure of Lian Beng Engineering & Machinery Pte Ltd ("LBEM") and Sinmix Pte Ltd ("Sinmix") so as to consolidate all its interest in LBEM and Sinmix under SLH.

On 29 May 2012, SLH acquired 100% and 90% interest in LBEM and Sinmix respectively from the Company for total consideration of $17,495,341 and 10% interest in Sinmix from the non-controlling interest of Sinmix for total consideration of $641,680. SLH issued 41,093,582 shares and 1,507,197 shares at Taiwan Dollar $10 each to the Company and non-controlling interest of Sinmix respectively to satisfy the consideration of $17,495,341 and $641,680.

Following the restructuring, SLH holds 100% interest in both LBEM and Sinmix, the Company holds 96.5% in SLH and the non-controlling interest of Sinmix holds 3.5% in SLH. As a result of the restructuring, the Company recognised a gain of $15,866,000 and the Group recognised a capital reserve of $351,000.

During the previous financial year, the Company has decided not to proceed with the proposed listing in Taiwan in view of the prevailing market conditions and new policies imposed by the relevant authorities in Taiwan. SLH has agreed to transfer 100% interest in LBEM and 90% interest in Sinmix to the Company for $33,155,923 and transfer 10% interest in Sinmix to non-controlling interest of SLH for $1,792,130. Upon the completion of the above share transfer on 28 October 2014, SLH repurchased 41,093,582 shares from the Company for $33,155,923 and repurchased 1,507,197 shares from non-controlling interest for $1,792,130. These repurchased shares were subsequently cancelled.

Upon completion of the current restructuring, the Company holds 100%, 90% and 100% in LBEM, Sinmix and SLH respectively.

As a result of the current restructuring, the Company recognised a gain of $15,661,000 and the Group recognised a negative capital reserve of $695,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

6. Investment in subsidiaries *(cont'd)*

(e) *Impairment testing of investment in subsidiaries*

There was no impairment loss (2014: $Nil) recognised during the financial year.

7. Investment in joint arrangements

(a) *Joint ventures*

The Group's material investment in joint ventures are summarised below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Oxley – Lian Beng Pte Ltd	28,660	7,569	–	–
Other joint venture companies	(789)	(1,767)	500	500
Total	27,871	5,802	500	500

Details of the investment in joint venture companies are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest	
			2015	**2014**
			(%)	(%)
Held by the Company				
Spottiswoode Development Pte Ltd ***	Property developer	Singapore	50	50
Held by subsidiaries				
Lian Beng – Amin Joint Venture PVT Ltd *	General building construction and civil engineering works	Republic of Maldives	50	50
Phileap Pte Ltd **	Property developer	Singapore	25	25
Oxley – Lian Beng Pte Ltd ***	Property developer	Singapore	50	50
Paul Y. – Lian Beng JV Pte. Ltd. **	General building construction and civil engineering works	Singapore	50	50

* Not required to be audited as the company is dormant. It is currently undergoing voluntary liquidation

** Audited by Ernst & Young LLP, Singapore

*** Audited by RSM Chio Lim LLP and reviewed by Ernst & Young LLP, Singapore, for consolidation purposes only

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

7. Investment in joint arrangements *(cont'd)*

(a) *Joint ventures (cont'd)*

The above joint ventures are strategic to the Group's activities. The Group jointly controls the above ventures with partners under the contractual agreements and requires unanimous consent for all major decisions over the relevant activities.

Aggregate information about the Group's share in joint ventures (adjusted for the percentage of ownership held by the Group) that are not individually material are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Profit after taxation	978	293
Other comprehensive income	–	–
Total comprehensive income	978	293

The summarised financial information in respect of material investment in joint ventures, based on their FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated statements are as follows:

Summarised statement of financial position

	Oxley – Lian Beng Pte Ltd	
	2015	**2014**
	$'000	$'000
Cash and cash equivalents	40,437	22,661
Other current assets	205,774	190,978
Total current assets	246,211	213,639
Non-current assets	–	–
Total assets	246,211	213,639
Current liabilities	22,805	7,453
Non-current financial liabilities (excluding trade and other payable and provisions)	154,893	188,193
Other non-current liabilities	10,887	2,578
Total non-current liabilities	165,780	190,771
Total liabilities	188,585	198,224
Net assets	57,626	15,415
Proportion of the Group's ownership	50%	50%
Group's share of net asset	28,813	7,708
Other adjustments [1]	(153)	(139)
Carrying amount of the investment	28,660	7,569

[1] Other adjustments comprise unrealised profit on the intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

7. Investment in joint arrangements *(cont'd)*

(a) *Joint ventures (cont'd)*

Summarised statement of comprehensive income

	Oxley – Lian Beng Pte Ltd	
	2015	**2014**
	$'000	$'000
Revenue	125,902	70,155
Other income	1,725	246
Interest income	1,972	232
Other operating expenses	(76,848)	(54,058)
Finance costs	(1,990)	(150)
Profit before taxation	50,761	16,425
Taxation	(8,551)	(2,631)
Profit after taxation	42,210	13,794
Other comprehensive income	–	–
Total comprehensive income	42,210	13,794
Proportion of the Group's ownership	50%	50%
Group's share of net results	21,105	6,897

(b) *Joint operations*

Details of the Group's joint operations are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest 2015 (%)	Proportion of ownership interest 2014 (%)
Held by subsidiary				
LB-RD JV	General building construction and civil engineering works	Singapore	50	50

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

8. Investment in associates

The Group's material investment in associates are summarised below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Oxley Viva Pte Ltd	5,129	98	–	–
Oxley Sanctuary Pte Ltd	4,411	(384)	–	–
Epic Land Pte Ltd and its subsidiaries	3,356	(24)	–	–
Millennium Land Pte Ltd	196	(28)	–	–
Other associates	(2,008)	(225)	1,400	1,400
	11,084	(563)	1,400	1,400

Details of the investment in associates are as follows:

Name of company	**Principal activities**	**Country of incorporation**	**Proportion of ownership interest**	
			2015 (%)	**2014** (%)
Held by the Company				
Millennium Land Pte Ltd *	Investment holding	Singapore	38	38
Wealth Development Pte Ltd ***	Property developer	Singapore	40	40
United E&P Pte Ltd ***	Manufacture of asphalt premix for construction industry	Singapore	40	40
Great Development Pte Ltd[2]	Property developer	Singapore	25	25
Held by subsidiaries				
Oxley Viva Pte Ltd *[1]	Property developer	Singapore	10	10
Oxley YCK Pte Ltd *	Property developer	Singapore	10	10
Oxley Sanctuary Pte Ltd *[1]	Property developer	Singapore	15	15
Oxley Bliss Pte Ltd *	Property developer	Singapore	30	30
Action Property Pte Ltd *	Property developer	Singapore	19	19
Centurion Kovan Pte Ltd *	Property developer	Singapore	19	19
Imperial South East Asia Investment Pte Ltd [2]	Investment holding and property developer	Singapore	32.65	32.65

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

8. Investment in associates *(cont'd)*

Details of the investment in associates are as follows: *(cont'd)*

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest 2015 (%)	2014 (%)
Held by subsidiaries				
KAP Holdings (China) Pte Ltd **	Investment holding	Singapore	15	15
Epic Land Pte Ltd ***	Property dealing and property rental business	Singapore	32	32
Centurion-Lian Beng (Papan) Pte Ltd ****	Provision of dormitory services	Singapore	49	–
Wickham Invesco Pte Ltd ***	Investment holding	Singapore	30	–
Prospere Holdings Pte Ltd ***	Investment holding	Singapore	30	–
Grand Millennium Development Sdn Bhd *****	Property developer	Malaysia	49	–

* Audited by RSM Chio Lim LLP
** Audited by Deloitte & Touche LLP
*** Audited by Ernst & Young LLP, Singapore
**** Audited by Pricewaterhousecoopers LLP, Singapore
***** Audited by member firm of Ernst & Young LLP
(1) Reviewed by Ernst & Young LLP, Singapore, for consolidation purposes only
(2) Company in the process of being strike off

The above associates are strategic to the Group's activities. The Group has the power to participate in the financial and operating policy decisions of the associates but does not have control or joint control of these policies.

Dividends of $9,880,000 (2014:$Nil) was received from Millennium Land Pte Ltd during the financial year.

Aggregate information about the Group's share in associates (adjusted for the percentage of ownership held by the Group) that are not individually material are as follows:

	Group 2015 $'000	Group 2014 $'000
Loss after taxation	(2,772)	(2,349)
Other comprehensive income	–	–
Total comprehensive loss	(2,772)	(2,349)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

8. Investment in associates *(cont'd)*

The summarised financial information in respect of material investment in associates, based on their FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated statements are as follows:

Summarised statement of financial position

	Oxley Viva Pte Ltd		Oxley Sanctuary Pte Ltd		Epic Land Pte Ltd and its subsidiaries		Millennium Land Pte Ltd	
	2015 $'000	**2014** $'000	**2015** $'000	**2014** $'000	**2015** $'000	**2014** $'000	**2015** $'000	**2014** $'000
Current assets	246,411	261,178	306,564	265,242	490,509	42,997	737	14,910
Non-current assets	–	–	–	1,138	–	–	–	944
Total assets	246,411	261,178	306,564	266,380	490,509	42,997	737	15,854
Current liabilities	48,954	106,849	3,792	5,153	250,020	43,072	220	15,929
Non-current liabilities	141,236	153,346	269,960	263,786	230,000	–	–	–
Total liabilities	190,190	260,195	273,752	268,939	480,020	43,072	220	15,929
Net assets/ (liabilities)	56,221	983	32,812	(2,559)	10,489	(75)	517	(75)
Proportion of the Group's ownership	10%	10%	15%	15%	32%	32%	38%	38%
Group's share of net assets/ (liabilities)	5,622	98	4,922	(384)	3,356	(24)	196	(28)
Other adjustments[1]	(493)	–	(511)	–	–	–	–	–
Carrying amount of the investment	5,129	98	4,411	(384)	3,356	(24)	196	(28)

[1] Other adjustments comprise unrealised profit on the intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

8. Investment in associates *(cont'd)*

Summarised statement of comprehensive income

	Oxley Viva Pte Ltd		Oxley Sanctuary Pte Ltd		Epic Land Pte Ltd and its subsidiaries		Millennium Land Pte Ltd	
	2015 $'000	**2014** $'000	**2015** $'000	**2014** $'000	**2015** $'000	**2014** $'000	**2015** $'000	**2014** $'000
Revenue	226,011	52,904	100,110	–	30,217	–	–	–
Other income	174	428	5,388	447	17	–	26,543[1]	–
Rental income	–	–	–	3,965	13,873	–	–	–
Profit/(loss) after taxation	55,238	1,471	35,371	(5,214)	10,564	(75)	26,592	(13)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income/(loss)	55,238	1,471	35,371	(5,214)	10,564	(75)	26,592	(13)
Proportion of the Group's ownership	10%	10%	15%	15%	32%	32%	38%	38%
Group's share of results	5,524	147	5,306	(782)	3,380	(24)	10,104	(5)

[1] Other income relates to the gain on sale of investment by Millennium Land Pte Ltd in its 50% owned joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

9. Investment securities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
(a) Current				
Held for trading investments				
– Quoted equity investments	17	20	–	–
– SGD Index linked note due 30 June 2017 (quoted)	994	993	–	–
	1,011	1,013	–	–
Available-for-sale financial assets				
– 6% p.a. SGD corporate bond due 5 November 2015 (quoted)	251	–	–	–
– 4.75% p.a. SGD corporate bond due 23 September 2015 (quoted)	20,179	–	–	–
– 5.6% p.a. SGD corporate bond due 6 November 2015 (quoted)	19,967	–	–	–
– 5.25% p.a. SGD corporate bond due 20 May 2016 (quoted)	4,010	–	–	–
	44,407	–	–	–
Total current investment securities	45,418	1,013	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

9. Investment securities *(cont'd)*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
(b) Non-current				
Available-for-sale financial assets				
– Quoted equity investments	21,589	29,077	20,710	28,120
– Unquoted equity investments	150	150	–	–
– 5.13% p.a. SGD corporate perpetual bond (quoted)	990	985	–	–
– 5% p.a. SGD corporate bond due 23 February 2017 (quoted)	1,039	1,051	–	–
– 5.25% p.a. SGD corporate bond due 22 May 2015 (quoted)	–	769	–	–
– 6% p.a. SGD corporate bond due 5 November 2015 (quoted)	–	258	–	–
– 4.75% p.a. SGD corporate bond due 27 May 2017 (quoted)	475	501	–	–
– 4.50% p.a. SGD corporate bond due 25 September 2014 (quoted)	–	253	–	–
– 4.75% p.a. SGD corporate bond due 23 September 2015 (quoted)	–	20,230	–	–
– 5.6% p.a. SGD corporate bond due 6 November 2015 (quoted)	–	20,067	–	–
– 5.25% p.a. SGD corporate bond due 20 May 2016 (quoted)	–	4,085	–	–
– 5.25% p.a. SGD corporate bond due 10 October 2016 (quoted)	10,143	10,343	–	–
– 3.55% p.a. SGD corporate bond due 2 December 2016 (quoted)	2,045	2,045	–	–
– 4.5% p.a. SGD corporate bond due 23 January 2017 (quoted)	3,552	3,565	–	–
– 4.5% p.a. SGD corporate bond due 31 July 2018 (quoted)	5,461	5,539	–	–
– 5.25% p.a. SGD corporate bond due 10 January 2017 (quoted)	2,999	–	–	–
– 3.6% p.a. SGD corporate bond due 7 August 2017 (quoted)	4,052	–	–	–
– 4.75% p.a. SGD corporate bond due 20 May 2020 (quoted)	507	–	–	–
– 4.875% p.a. SGD corporate bond due 11 June 2021 (quoted)	741	–	–	–
	53,743	98,918	20,710	28,120

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

9. Investment securities *(cont'd)*

The Group's investment in bonds and equity shares amounting to $74,631,000 (2014: $67,610,000) has been pledged as security for a bank loan (Note 20).

Impairment loss

During the financial year, there was no impairment loss (2014: $Nil) recognised.

10. Construction work-in-progress

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Construction costs	2,013,847	1,545,339
Attributable profits less recognised losses	304,184	270,840
	2,318,031	1,816,179
Progress billings	(2,428,362)	(1,889,410)
	(110,331)	(73,231)
Represented by:		
Construction work-in-progress in excess of progress billings	7,186	9,252
Progress billings in excess of construction work-in-progress	(117,517)	(82,483)
	(110,331)	(73,231)
Retention monies on construction contracts included in trade receivables	60,344	47,652

The following were capitalised in construction costs during the year:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Depreciation of plant and machinery (Note 4)	2,497	2,010
Staff costs	34,743	34,878
Operating lease expenses	5,390	3,773

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

11. Development properties/development properties held for sale

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Statement of financial position:		
(a) **Development properties**		
Freehold land, at cost	104,537	38,222
Development expenditure	20,732	13,297
Interest costs	2,466	1,813
Property tax	515	295
	128,250	53,627
Attributable losses	(272)	(272)
	127,978	53,355
Progress billings	(26,062)	(26,062)
	101,916	27,293
Less: Transfer to development properties held for sale	(4,968)	(4,968)
	96,948	22,325
(b) **Development properties held for sale**		
Transfer from development properties	4,968	4,968
Reclassification from investment properties	9,800	–
Less: Impairment loss	(500)	–
	14,268	4,968
Statement of comprehensive income:		
Development properties recognised as an expense in cost of sales	–	77,883
Development properties held for sale recognised as an expense in cost of sales	–	421

The following table provides information about the agreements that are in progress as at the reporting date whose revenue is recognised on a percentage of completion basis:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Aggregate amount of costs incurred and recognised to date	31,302	31,302
Less: Progress billings	(26,062)	(26,062)
	5,240	5,240

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

11. Development properties/development properties held for sale *(cont'd)*

Assets pledged as security

Development properties with carrying amount of $96,948,000 (Restated 2014: $22,325,000) are pledged to banks for loans granted to subsidiaries (Note 20).

Capitalisation of borrowing costs

The interest on bank borrowings capitalised in the current financial year amounted to $653,000 (Restated 2014: $540,000). The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.77% to 3.40% (2014: 1.56% to 2.23%) per annum. Interest ceases to be capitalised when the Temporary Occupation Permit ("TOP") has been obtained.

Details of the Group's development properties/development properties held for sale are as follows:

Description and Location	Tenure	Site Area/ floor area (square metre)	Stage of development/ expected completion date	Interest held by the Group 2015 (%)	Interest held by the Group 2014 (%)
Development properties					
Proposed 11 storey ramp up food factory on Lot 1718L Mukim 14 at Mandai Link, Singapore	Leasehold	6,891 (site area)	Under construction and expected completion date 16 October 2016	65	65
Proposed 7 storey ramp up strata industrial building on Lot 2964N at Mukim 29 Tampines North Drive 1, Singapore	Leasehold	27,395 (site area)	Awaiting sale launch and construction	51	–
Development properties held for sale					
221 Balestier Road #02-05, #03-04 & #04-01 Rocca Balestier, Singapore	Freehold	605 (floor area)	Certificate of statutory completion issued on 21 December 2005	100	100
65 Cairnhill Road #06-01, The Ritz-Carlton Residences, Singapore *	Freehold	263 (floor area)	Certificate of statutory completion issued on 29 August 2011	100	100

* The Ritz-Carlton Residences was acquired with the intention of resale in future. During the financial year, the property was reclassified from investment properties to development properties held for sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

12. Inventories

	Group	
	2015	**2014**
	$'000	$'000
Statement of financial position:		
Raw materials (at cost)	6,220	4,504
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	116,970	131,309

13. Trade receivables

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Trade receivables	100,940	86,248
Retention monies on construction contracts	60,344	47,652
	161,284	133,900
Less: Allowance for doubtful receivables	(1,542)	(1,361)
	159,742	132,539

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

All trade receivables are denominated in Singapore Dollars.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $14,463,000 (2014: $19,832,000), that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Trade receivables past due but not impaired:		
Less than 30 days	4,116	8,015
30 to 60 days	1,633	4,677
61 to 90 days	724	1,215
91 to 120 days	1,530	1,374
More than 120 days	6,460	4,551
	14,463	19,832

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

13. Trade receivables *(cont'd)*

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		**Individually impaired**	
	2015 $'000	**2014** $'000	**2015** $'000	**2014** $'000
Trade receivables – nominal amounts	–	–	1,542	1,361
Less: Allowance for impairment	–	–	(1,542)	(1,361)
	–	–	–	–
Movement in allowance accounts:				
At 1 June	–	–	1,361	833
Charge for the year	–	–	181	528
At 31 May	–	–	1,542	1,361

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. Other receivables and deposits

	Group		**Company**	
	2015 $'000	**2014** $'000 (Restated)	**2015** $'000	**2014** $'000
Other receivables (Note A)	13,646	12,827	125	130
Amount due from a director of an associate (Note B)	3,604	–	3,604	–
Deposits	1,999	3,232	–	–
Deposit for purchase of freehold/leasehold property	2,334	6,001	–	–
	21,583	22,060	3,729	130
Allowance for doubtful receivables	(38)	(38)	–	–
	21,545	22,022	3,729	130

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

14. Other receivables and deposits *(cont'd)*

Note A

The amounts relating to other receivables are denominated in Singapore dollars, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Note B

The amount due from a director of an associate is denominated in Singapore dollars, bears interest at 3% per annum (2014: Nil%), unsecured, repayable on demand and is expected to be settled in cash.

15. Amounts due from/to related parties, joint ventures and associated companies

(a) *Receivables from related parties*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Amounts due from affiliated companies	1	1	–	–
Amounts due from subsidiary companies	–	–	171,427	117,197
	1	1	171,427	117,197

These non-trade balances are interest-free, unsecured, repayable on demand, expected to be settled in cash and are denominated in Singapore dollars.

(b) *Amounts due from joint ventures*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Trade	26,757	17,041	–	–
Non-trade	24,443	48,240	9,885	27,284
	51,200	65,281	9,885	27,284

The amounts due from joint ventures are unsecured, interest-free except for an amount of $14,558,000 (2014: $20,957,000) which bears interest at 2.3% (2014: 2.3%) per annum, repayable on demand, expected to be settled in cash and are denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

15. Amounts due from/to related parties, joint ventures and associated companies *(cont'd)*

(c) *Amounts due to joint ventures*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Non-trade	33,151	33,272	–	–

The amounts due to joint ventures are unsecured, bear interest at 3% (2014: 3%) per annum, repayable on demand, expected to be settled in cash and are denominated in Singapore dollars.

(d) *Amounts due from associates*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade	15,348	30,379	–	–
Non-trade	101,785	73,873	14,164	18,868
	117,133	104,252	14,164	18,868

The amounts due from associates are unsecured, interest-free except for an amount of $58,747,000 (2014: $26,433,000) which bears interest at 3% to 5.35% (2014: 3% to 5.38%) per annum, repayable on demand, expected to be settled in cash and are denominated in Singapore dollars.

(e) *Amounts due to associates*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Non-trade	12,931	12,249	76	–

The amounts due to associates are unsecured, interest-free except for an amount of $12,665,000 (2014: $12,249,000) which bears interest at 3% to 5.35% (2014: 5.35% to 5.38%) per annum, repayable on demand, expected to be settled in cash and are denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

16. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprised only cash and short term deposits at the end of the reporting period.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Fixed deposits (Note 17)	54,149	88,082	–	15,000
Cash on hand and at banks	132,909	60,155	536	20,369
Cash and cash equivalents	187,058	148,237	536	35,369

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Included in cash and cash equivalents are amounts of $10,545,000 (Restated 2014: $Nil) maintained in the Project Account. The funds in the Project Account can only be applied in accordance with the Housing Developers (Project Account) Rules.

Cash and short-term deposits denominated in foreign currencies as at 31 May are as follows:

	Group	
	2015	**2014**
	$'000	$'000
United States Dollar	59	80
Malaysia Ringgit	72	233
	131	313

17. Fixed deposits

Fixed deposits earn interest of 0.10% to 1.55% (2014: 0.10% to 1.50%) per annum and have maturities ranging between 7 days and 4 months (2014: 1 month and 12 months). Fixed deposits can be readily converted into known amount of cash and subject to insignificant risk of change in values.

18. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Trade payables	164,747	135,035	–	–
Other payables	45,985	13,051	223	46
	210,732	148,086	223	46

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

18. Trade and other payables *(cont'd)*

Trade payables

Trade payables include amounts due to non-controlling interests of a subsidiary of $600,000 (2014: $20,000) and amounts due to a partner of a joint operation of $105,000 (2014: $47,500). Trade payables are non-interest bearing and normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies as at 31 May are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
United States Dollar	31	92	–	–
Malaysian Ringgit	7	20	–	–
	38	112	–	–

Other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Progress billings received in advance	16,954	–	–	–
Deferred income	7,108	3,361	–	–
Refundable deposits	4,656	3,881	–	–
Other payables	2,381	2,217	223	46
Amount due to non-controlling interests of subsidiaries (non-trade)	14,886	3,592	–	–
	45,985	13,051	223	46

Other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to non-controlling interests of subsidiaries (non-trade) are denominated in Singapore dollars, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

Deferred income pertains to unrealised income capitalised within the development properties in associates and joint ventures.

Progress billings received in advance relates to payments received for sale of development properties recognised in accordance with the completion contracts method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

19. Amounts due to subsidiaries

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Short-term loans from subsidiaries	–	–	161,013	148,845

Short-term loans from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

20. Loans and borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Current liabilities				
(a) Short-term bank loans				
– Loan A	1,000	800	–	–
– Loan B	2,000	1,500	–	–
– Loan C	2,000	–	–	–
– Loan D	47,558	42,737	–	–
– Loan E	4,507	–	–	–
	57,065	45,037	–	–
Current portion of long-term bank loans				
– Loan F	141	169	–	–
– Loan G	181	175	–	–
– Loan H	188	181	–	–
– Loan I	5,256	4,282	–	–
– Loan J	977	977	–	–
– Loan K	260	247	–	–
– Loan L	348	348	–	–
– Loan M	685	693	–	–
– Loan N	777	–	–	–
	8,813	7,072	–	–
Total current liabilities	65,878	52,109	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Non-current liabilities				
(b) Long-term bank loans				
– Later than one year but not later than five years				
– Loan F	–	141	–	–
– Loan G	186	366	–	–
– Loan H	839	805	–	–
– Loan I	26,280	20,555	–	–
– Loan J	1,055	2,032	–	–
– Loan K	381	640	–	–
– Loan L	1,392	1,392	–	–
– Loan M	1,848	2,514	–	–
– Loan N	2,667	–	–	–
– Loan O	36,900	–	–	–
– Loan P	51,500	–	–	–
– Loan Q	15,991	3,183	–	–
– Later than five years				
– Loan H	992	1,215	–	–
– Loan I	69,387	77,938	–	–
– Loan L	1,866	2,214	–	–
– Loan Q	–	12,808	–	–
Total non-current liabilities	211,284	125,803	–	–

Bank loans denominated in SGD

Loan A

The loan is guaranteed by the Company and is repayable on demand. Interest is charged at 1.50% (2014: 1.50%) per annum over the bank's swap rate. During the financial year, the interest rate ranged from 1.98% to 3.14% (2014: 2.31% to 2.36%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan B

The revolving loan is guaranteed by the Company and is repayable on demand. Interest is charged at 1% (2014: 1%) per annum above bank's cost of fund. During the financial year, the interest rate ranged from 1.70% to 2.14% (2014: 1.70% to 1.92%) per annum. The loan includes a financial covenant which requires the Company to maintain a consolidated tangible net worth not less than $100 million throughout the tenor of the loan.

Loan C

The loan is secured by corporate guarantee from the Company. Interest rate shall be based on a mutually agreed rate to be quoted on the day of drawdown. The loan is repayable on demand. During the financial year, the interest rate ranged from 1.97% to 2.45% (2014: Nil%) per annum.

Loan D

The loan is secured by a Memorandum of Charge and Pledge over assets in respect of a subsidiary's marketable-securities. The securities charged must be placed in a sub-account with the bank and the subsidiary shall execute all such forms and documents as the bank may require (including any forms prescribed by the Central Depository Pte Ltd).

Interest is charged at 0.65% (2014: 0.65%) per annum above bank prevailing 1, 3, 6 and 12-month cost of funds. During the financial year, the interest rate ranged from 1.13% to 1.64% (2014: 1.13%) per annum. The loan is repayable on demand.

Loan E

The loan is secured by the following:

(1) First legal mortgage on a subsidiary's development property with carrying amount of $67,000,000 (2014: $Nil);

(2) Assignment of all rights, title, benefits and interests under any project management contracts, construction contract, insurance policies, performance bonds, tenancy agreement and/or sale and purchase agreements in respect of the development;

(3) Subordination of all subsidiary's directors'/shareholders'/related parties' loans and advances to the subsidiary company; and

(4) Corporate guarantee from the Company in the ratio of the shareholdings held by the Company in a subsidiary of 51%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan E (cont'd)

The loan is repayable 6 months from date of drawdown on 19 March 2015 or 30 days from date of the receipt of Goods and Services Tax ("GST") refund by Inland Revenue Authority of Singapore ("IRAS"), whichever is earlier. Interest is charged at 2.25% (2014: Nil%) per annum over the average cost of funds of the bank for interest period of 1 or 3 months.

During the financial year, the interest rate was 3.40% (2014: Nil%) per annum.

Loan F

The term loan is secured by the following:

(1) The legal mortgage on a subsidiary's barge with carrying amount of $705,000 (2014: $765,000);

(2) Assignment of all rights, interests benefits under and arising out of the insurance policies in respect of a subsidiary's barge;

(3) Assignment of rights, interests, benefits and earnings from the charter agreement between a subsidiary and a third party; and

(4) A corporate guarantee from the Company.

The loan is repayable by 48 monthly instalments commencing from April 2012 and interest is charged at prevailing 3-month SIBOR plus 2.5% (2014: 2.5%) per annum. During the financial year, the interest rate ranged from 2.90% to 3.50% (2014: 2.87% to 2.91%) per annum.

The loan includes a financial covenant which requires that sums owing to the bank shall not at any time be more than 69% of the aggregate market value of the barge as determined by the bank or valuers acceptable to the bank ("Loan-To-Value Ratio" or "LTV"). In the event that the LTV exceeds 69%, the subsidiary of the Company shall provide additional collateral acceptable to the bank and/or reduce the outstanding amount of the loan to restore the LTV.

Loan G

The term loan is secured by the following:

(1) The legal mortgage on a subsidiary's tug boat with carrying amount of $735,000 (2014: $833,000);

(2) Assignment of all rights, interests benefits under and arising out of the insurance policies in respect of a subsidiary's tug boat;

(3) Assignment of rights, interests, benefits and earnings from the charter agreement between a subsidiary and a third party; and

(4) A corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan G (cont'd)

The loan is repayable by 48 monthly instalments commencing from June 2013 and interest is charged at prevailing 3-month SIBOR plus 2.5% (2014: 2.5%) per annum. During the financial year, the interest rate ranged from 2.90% to 3.26% (2014: 2.89%) per annum.

The loan includes a financial covenant which requires that sums owing to the bank shall not at any time be more than 69% of the aggregate market value of the tug boat as determined by the bank or valuers acceptable to the bank ("Loan-To-Value Ratio" or "LTV"). In the event that the LTV exceeds 69%, the subsidiary of the Company shall provide additional collateral acceptable to the bank and/or reduce the outstanding amount of the loan to restore the LTV.

Loan H

The term loan is secured by the following:

(1) The legal mortgage on a subsidiary's freehold land and building with carrying amount of $13,027,000 (2014: $13,178,000);

(2) Assignment of all rights and benefits over the rental income in respect of the tenancies entered into for a subsidiary's property;

(3) Assignment of all rights and benefits arising under insurance policies taken in relation to the construction of the property; and

(4) Deed of Corporate Guarantee of the Company.

The loan is repayable in 180 equal monthly instalments of $22,569 commencing from 29 June 2009 and interest is charged at prevailing bank prime rate. During the financial year, the interest rate was 4.25% (2014: 4.25%) per annum.

Loan I

The loan is secured by the following:

(1) The legal mortgage on a subsidiary's investment property with carrying amount of $270,000,000 (2014: $220,000,000);

(2) The assignment of rental proceeds in respect of a subsidiary's investment property;

(3) Fixed and floating charge over the investment property including book debts, goodwill and undertakings in connection with workers' dormitory operations; and

(4) Corporate guarantee given by the Company in the ratio of the shareholdings held by the Company in a subsidiary of 55%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan I *(cont'd)*

The loan is repayable in 20 years from 27 June 2014. Interest is charged at 1.50% (2014: 1.50% to 1.75%) per annum over prevailing SIBOR rate. During the financial year, the interest rate ranged from 1.86% to 2.51% (2014: 1.81% to 2.11%) per annum.

The loan includes a financial covenant which requires the total monies and liabilities owing under the mortgage not to exceed 85% of bank's valuation of the investment property at all times.

Loan J

The loans are secured by the following:

(1) The legal mortgage on the subsidiary's two barges and two tugboats with carrying amount of $2,251,000 (2014: $2,542,000) and $1,543,000 (2014: $1,740,000) respectively;

(2) A deed of covenants and assignment which incorporates the assignment of insurance in favour of the bank in respect of the two barges and two tugboats; and

(3) A corporate guarantee from the Company.

The loans are repayable by 48 monthly instalments commencing from July 2013 and interest is charged at cost of funds plus 1.875% (2014: 1.875%) per annum. During the financial year, the interest rate ranged from 2.30% to 3.04% (2014: 2.22% to 2.32%) per annum. The loan includes a financial covenant which requires the guarantor shall at all times maintain the ratio of its total debts to total tangible net worth to be not more than 1.75 at consolidated level.

Loan K

The loan is secured by the following:

(1) The legal mortgage on a subsidiary's barge with carrying amount of $1,008,000 (2014: $1,134,000); and

(2) A corporate guarantee from the Company.

The loan is repayable by 48 monthly instalments commencing from November 2013 and interest is charged at 0.5% (2014: 0.5%) per annum above the finance company's base rate. During the financial year, the interest rate was 2.21% (2014: 2.21%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan L

The loan is secured by way of pledge against a subsidiary's leasehold building with carrying amount of $10,128,000 (2014: $11,097,000) and corporate guarantee by the Company. Interest is charged at 1.3% (2014: 1.3%) per annum above bank's swap rate. During the financial year, the interest rate ranged from 1.64% to 2.19% (2014: 1.65% to 1.66%) per annum. The loan is repayable over 119 monthly instalments of $29,000 each commencing November 2013 and a final instalment of $703,000. The loan includes a financial covenant which requires the aggregate loan outstanding to the bank not to exceed 70% of the market value of the leasehold building at all times.

Loan M

The loan is secured by the following:

(1) The legal mortgage on a subsidiary's leasehold property with carrying amount of $1,399,000 (2014: $2,690,000); and

(2) Corporate guarantee given by the Company.

The loan is repayable by 60 monthly instalments commencing from January 2014 and interest is charged at 1.5% (2014: 1.5%) per annum above SIBOR rate for the first and second year. Thereafter, interest will be charged at 2.75% above SIBOR rate per annum. During the financial year, the interest rate ranged from 1.90% to 2.29% (2014: 1.90%) per annum.

Loan N

The loans are secured by the following:

(1) The legal mortgage on the subsidiary's two barges and two tugboats with carrying amount of $2,637,000 (2014: $Nil) and $1,905,000 (2014: $Nil) respectively;

(2) Assignment of all rights, title, benefits and interests in connection with the insurance policies with respect to the subsidiary's two barges and two tugboats; and

(3) A corporate guarantee from the Company.

The loans are repayable by 60 monthly instalments commencing from October 2014 and December 2014 respectively and interest is charged at bank swap rate plus 1.80% (2014: Nil%) per annum. During the financial year, the interest rate ranged from 2.14% to 2.59% (2014: Nil%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan O

The loan is secured by the following:

(1) First legal mortgage on a subsidiary's investment property with carrying value of $51,000,000 (2014: $Nil);

(2) Assignment of all rights, title, benefits and interests in connection with any construction contract, insurance policies, performance bonds, leases, tenancy agreement and/or sale and purchase agreements with respect to the development;

(3) Assignment of rental proceeds with respect to the development; and

(4) Corporate guarantee from the Company in the ratio of the shareholdings held by the Company in a subsidiary of 80%.

The loan is repayable over 4 quarterly instalments of $334,153 each with the first instalment commencing 3 months from the date of issuance of TOP or 31 March 2018, whichever is the earlier and a final payment of $35,563,000 on 30 June 2019 or 2 years after the date of issuance of TOP for the development, whichever is the earlier. Interest is charged at 1.6% (2014: Nil%) per annum above bank's swap rate for tenors of up to 6 months.

During the financial year, the interest rate ranged from 1.94% to 2.57% (2014: Nil%) per annum.

The loan includes a financial covenant which requires the following:

(a) The subsidiary shall at all times maintain a debt service coverage ratio of at least 1.2 times; and

(b) The aggregate amount outstanding shall not exceed 80% of the market value of the development at all times.

Loan P

The loan is secured by the following:

(1) First legal mortgage on a subsidiary's development property with carrying value of $67,000,000 (2014: $Nil);

(2) Assignment of all rights, title, benefits and interests under any project management contracts, construction contract, insurance policies, performance bonds, tenancy agreement and/or sale and purchase agreements in respect of the development;

(3) Subordination of all subsidiary's directors'/shareholders'/related parties' loans and advances to the subsidiary company; and

(4) Corporate guarantee from the Company in the ratio of the shareholdings held by the Company in a subsidiary of 51%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan P (cont'd)

The loan is repayable 42 months from date of drawdown on 19 March 2015 or 6 months from the date of TOP for the development or 30 September 2018, whichever is the earliest. Interest is charged at 1.75% (2014: Nil%) per annum over the average cost of funds of the bank for interest period of 1 or 3 months.

During the financial year, the interest rate was 2.9% (2014: Nil%) per annum.

The loan includes a financial covenant which requires the following:

(a) Within the first 6 months from the date of 19 March 2015, all moneys and liability owing shall not exceed 87% of the market value or purchase price of the vacant land;

(b) By the end of first 6 months from the date of 19 March 2015, or 30 days from date of the receipt of the GST refund by IRAS, whichever is earlier, the total monies and liability owing shall not exceed 80% of the market value or purchase price of the vacant land; and

(c) Upon commencement of construction, the aggregate amount outstanding shall not exceed 75% of the Security Value of the development at all times.

Loan Q

The loan is secured by the following:

(1) The legal mortgage on a subsidiary's development property under development with carrying amount of $29,948,000 (2014: $22,325,000);

(2) The assignment of the rights and benefits in connection with insurance policies, building contracts, tenancy agreements and/or sale and purchase agreements of the subsidiary in respect of the development property and building agreements;

(3) Corporate guarantee from the Company in the ratio of the shareholdings held by the Company in a subsidiary of 65%;

(4) A charge on all bank accounts maintained by the subsidiary with the bank; and

(5) Deed of subordination of all loans given by shareholders, related parties and Company to the subsidiary.

The loan is repayable 3 months from date of issuance of TOP for the development property or 30 June 2017, whichever is earlier. Interest is charged at 1.50% (2014: 1.50%) per annum above the bank's prevailing 1, 3 or 6 month swap offer rate. During the financial year, the interest rate ranged from 1.77% to 2.39% (2014: 1.65% to 1.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

20. Loans and borrowings *(cont'd)*

Bank loans denominated in SGD *(cont'd)*

Loan Q (cont'd)

The loan includes the following financial covenants:

(1) Outstanding loan under facility shall not exceed 20% of the market value of the development property as determined by the bank or professional valuers;

(2) The Company's gearing ratio shall at all times not exceed maximum of 2.5 times;

(3) The paid up capital of the subsidiary and subordinated shareholder's loans shall not be less than $1 million; and

(4) The subsidiary must at all times be legally and beneficially 65% owned by the Company.

21. Obligations under hire purchase

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		
	Minimum lease payments $'000	**Interest** $'000	**Present value of payments** $'000
2015			
Not later than one year	5,902	(357)	5,545
Later than one year but not later than five years	10,601	(364)	10,237
	16,503	(721)	15,782
2014			
Not later than one year	4,509	(287)	4,222
Later than one year but not later than five years	8,648	(296)	8,352
Later than five years	2	–	2
	13,159	(583)	12,576

Lease terms range from 3 to 8 (2014: 3 to 8) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Interest is charged at rates ranging from 2.41% to 5.24% (2014: 2.41% to 6.61%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

22. Deferred tax assets/liabilities

	Group			
	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000 (Restated)
Deferred tax assets				
Provision	1	–	(1)	–
Differences in depreciation	(431)	(204)	227	190
Productivity and Innovation Credit	1,067	509	(558)	(509)
Total deferred tax assets	637	305		
Deferred tax liabilities				
Acquisition of subsidiary - depreciation	(5)	(5)	–	–
Differences in depreciation	(3,489)	(2,691)	798	438
Provisions	16	16	–	–
Productivity and Innovation Credit	926	386	(540)	(386)
Total deferred tax liabilities	(2,552)	(2,294)		
Deferred income tax expense (Note 29)			(74)	(267)

Unrecognised tax losses

The Group has deferred tax assets that have not been recognised due to uncertainty of their recoverability. The use of these balances is subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate, as follows:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Deductible temporary differences	10,183	4,818
Tax losses	1,704	17
	11,887	4,835

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

22. Deferred tax assets/liabilities *(cont'd)*

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2014: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries and joint ventures of the Group as there are no foreign subsidiaries and joint ventures that has a tax effect on the undistributed earnings.

Deferred income tax related to other comprehensive income

There is no deferred income tax related to other comprehensive income for the current financial year (2014: $Nil).

23. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'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.

(b) *Treasury shares*

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 June	–	–	–	–
Purchased during the year	(19,895)	(12,781)	–	–
At 31 May	(19,895)	(12,781)	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

23. Share capital and treasury shares *(cont'd)*

(b) *Treasury shares (cont'd)*

The Company acquired 19,895,000 (2014: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $12,781,000 (2014: $Nil) and this was presented as a component within shareholders' equity.

24. Other reserves

(a) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At 1 June	(8)	(11)	–	–
Foreign currency translation	(24)	3	–	–
At 31 May	(32)	(8)	–	–

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of taxation, of available-for-sale financial assets until they are disposed of or impaired.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At 1 June	7,442	592	6,400	–
Net (loss)/gain on fair value changes during the year	(8,145)	6,850	(7,410)	6,400
At 31 May	(703)	7,442	(1,010)	6,400

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

24. Other reserves *(cont'd)*

(c) *Capital reserve*

Capital reserve represents the difference between consideration and the carrying value of the additional interest acquired from non-controlling interests.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At 1 June	474	474	–	–
Acquisition and disposal of non-controlling interests without a change in control	(695)	–	–	–
At 31 May	(221)	474	–	–
Total other reserves	(956)	7,908	(1,010)	6,400

25. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Construction contract revenue	623,562	425,828	–	–
Revenue from sales of goods				
– Sales of concrete and sand	91,266	109,269	–	–
– Sales of formwork	2,639	995	–	–
Revenue from rendering of services				
– Project management	2,819	982	–	–
– Training of construction workers	732	769	–	–
Revenue from development properties				
– Sales of development properties held for sale (recognised based on percentage of completion basis)	–	538	–	–
– Sales of development properties (recognised based on completion of construction basis)	–	123,993	–	–
Rental income				
– Rental of plant and machinery	52	291	–	–
– Rental of vessel	2,133	1,685	–	–
– Rental and service income from dormitories	22,442	18,182	–	–
– Office rental	337	253	–	–
– Rental from affiliated companies	8	8	–	–
Revenue from civil engineering and other works	1,004	249	–	–
Maintenance of plant and machinery	4	3	–	–
Dividend income from unquoted subsidiaries and associates	–	–	20,330	26,000
	746,998	683,045	20,330	26,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

26. Profit before taxation

Profit before taxation includes the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
(a) *Other operating income:*				
Dividend income				
– short-term quoted equity investments	1	2	–	–
– long-term quoted equity investments	406	253	380	228
Interest income				
– fixed deposits	613	487	61	5
– bank balances	173	139	25	13
– associates	1,362	78	–	–
– joint ventures	648	2,125	–	–
– a director of an associate	83	–	83	–
– bonds	3,637	2,176	–	–
– others	–	9	–	–
Gain arising from restructuring of subsidiaries (Note 6)	–	–	15,661	–
Gain on disposal of plant and equipment	1,478	735	–	–
Rental income from investment properties (Note 5)	401	193	–	–
Operating lease income				
– others	1,169	826	–	–
Management fee	201	201	–	–
Storage handling charges	113	76	–	–
Grant, ACAP funding and PIC bonus	816	329	–	–
Gain on disposal of investment securities	23	154	–	–
Gain on bargain purchase	–	121	–	–
Others	488	189	17	–
	11,612	8,093	16,227	246

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

26. Profit before taxation *(cont'd)*

	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000
(b) *Other operating expenses:*				
Fair value loss on investment securities	2	7	–	–
Impairment loss on development property held for sale	500	–	–	–
Depreciation of property, plant and equipment	6,148	4,596	–	–
Loss on foreign exchange, net	41	–	–	–
Allowance for doubtful trade receivables	181	528	–	–
Property, plant and equipment written off	6	9	–	–
Management fees	874	895	–	–
Bad debts written-off	499	35	–	–
Impairment loss on investment property	–	500	–	–
Deposit written off	150	–	–	–
Property tax	1,501	1,453	–	–
Others	331	508	–	–
	10,233	8,531	–	–
(c) *Other expenses:*				
Non-audit fees				
– auditors of the Company	381	273	207	46
– other auditors	53	51	19	15
Depreciation of property, plant and equipment – others	9,682	7,185	–	–
Directors' fees to directors – of the Company	380	380	380	380
Operating lease expenses	8,268	6,642	–	–
Utility charges	2,993	3,816	3	3
Transportation charges	2,911	2,225	–	–
Legal and other professional fees	4,781	5,440	385	252
Staff costs (Note 27)	66,938	64,994	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

27. Staff costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Wages and salaries	54,398	53,389	–	–
Contributions to defined contribution plans	2,659	2,515	–	–
Others	9,881	9,090	–	–
	66,938	64,994	–	–
Included in staff costs are directors' remuneration payable to:				
– directors of the Company	9,259	9,886	–	–
– directors of the subsidiaries	3,430	3,094	–	–
	12,689	12,980	–	–

The directors' remuneration payable to directors of the Company excluded other benefits of $137,000 (2014: $97,000) and directors' fees of $380,000 (2014: $380,000). The directors' remuneration payable to directors of the subsidiaries excluded other benefits of $165,000 (2014: $126,000).

28. Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Interest expense on:				
– bank loans	4,452	3,055	–	–
– hire purchase	425	338	–	–
– loan from associates	791	112	–	–
– loan from joint ventures	1,235	68	–	–
	6,903	3,573	–	–
Less: Interest expenses capitalised in:				
– Development properties (Note 11)	(653)	(540)	–	–
– Investment property under development (Note 5)	(740)	(148)	–	–
	5,510	2,885	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

29. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2015 and 2014 are:

	Group		Company	
	2015 $'000	**2014** $'000 (Restated)	**2015** $'000	**2014** $'000
Current taxation				
– Current income taxation	7,245	14,031	9	–
– Under/(over) provision in respect of prior years	436	(480)	1	–
Deferred taxation				
– Current deferred taxation	(74)	(217)	–	–
– Over provision in respect of prior years	–	(50)	–	–
Income tax expense recognised in the statement of comprehensive income	7,607	13,284	10	–

Relationship between tax expense and profit

The reconciliation between the income tax expense and the product of profit before taxation multiplied by the applicable corporate tax rate for the years ended 31 May 2015 and 2014 are as follows:

	Group		Company	
	2015 $'000	**2014** $'000 (Restated)	**2015** $'000	**2014** $'000
Profit before taxation	143,670	140,281	34,941	25,257
Income tax using Singapore tax rate of 17% (2014: 17%)	24,424	23,848	5,940	4,294
Non-deductible expenses	2,318	1,034	27	7
Effect of partial tax exemption and tax relief	(930)	(970)	(18)	(3)
Utilisation of previously unrecognised deferred tax assets	(3)	(735)	–	–
Deferred tax assets not recognised	1,202	403	–	–
Tax benefit on losses transferred in from related company	(79)	(26)	–	–
Under/(over) provision of current taxation in respect of prior years	436	(480)	1	–
Over provision of deferred taxation in respect of prior years	–	(50)	–	–
Effects of tax incentive *	(3,579)	(2,108)	–	–
Share of results of associates	(3,662)	512	–	–
Share of results of joint ventures	(3,754)	(1,222)	–	–
Income not subject to taxation	(8,829)	(6,908)	(5,940)	(4,298)
Others	63	(14)	–	–
Income tax expense recognised in the statement of comprehensive income	7,607	13,284	10	–

* The Productivity and Innovation Credit ("PIC") was introduced in the Singapore Budget 2010 and was enhanced to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Under the scheme, all businesses can enjoy additional allowances at 300% on up to $400,000 of their expenditure each qualifying year on qualifying activities, subject to the agreement by the Inland Revenue Authority of Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

29. Taxation *(cont'd)*

Tax consequences of proposed dividends

There are no income tax consequences (2014: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

30. Earnings per share – basic and diluted

Earnings per share is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $108,028,000 (2014: $87,138,000) over 518,141,000 (2014: 529,760,000) shares, being the weighted average number of shares in issue during the year.

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

31. Significant related party transactions

(a) *Sale and purchase of goods and services*

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

(i) Staff costs of $1,916,000 (2014: $1,733,000) of the Group were paid to individuals who are close members of the family of certain directors.

(ii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space amounting to $4,320 (2014: $4,320) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd. Certain directors of the Group have equity interests in these companies and are also directors of these companies.

(iii) In previous year, a subsidiary, Lian Beng Construction (1988) Pte Ltd, leased storage space amounting to $138,276 from Associated KHL Industries Pte Ltd ("KHL") before KHL was fully acquired by the Company. One of the directors of the Group has 100% equity interests in KHL before the acquisition.

(iv) In previous year, a subsidiary, Tradewin Engineering Pte Ltd, leased storage space amounting to $19,839 from Associated KHL Industries Pte Ltd ("KHL") before KHL was fully acquired by the Company. One of the directors of the Group has 100% equity interests in KHL before the acquisition.

(v) The Group earned construction revenue of $67,334,000 (2014: $42,786,000) and $118,827,000 (2014: $75,182,000) from the joint ventures and associates respectively. In addition, the Group charged the joint ventures for project management of $2,067,000 (2014: $855,000).

(vi) In previous year, the Company acquired 2,900,000 ordinary shares representing the entire issued share capital of Associated KHL Industries Pte Ltd from Mr Ong Pang Aik, who is a director and controlling shareholder of the Company, for a purchase consideration of $3,824,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

31. Significant related party transactions *(cont'd)*

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee benefits	12,811	13,057
Contributions to defined contribution plans	171	161
	12,982	13,218
Comprise amounts paid to:		
– Directors of the Company	9,776	10,363
– Other key management personnel	3,206	2,855
	12,982	13,218

32. Commitments

(a) *Capital commitment*

The Group entered into a Subscription Agreement ("Agreement") on 29 April 2015 for the proposed subscription of shares in Datapulse Technology Limited ("Datapulse"). On 20 May 2015, a supplemental letter to the Agreement was signed to subscribe for 65,000,000 new ordinary shares in Datapulse for a consideration of $0.11235 per share, amounting to $7,302,750, subject to terms and conditions of the Agreement.

In addition, capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Capital commitments in respect of:		
– Plant and equipment	7,962	13,239
– Freehold and leasehold properties	22,586	43,394

(b) *Operating lease commitment – as lessee*

The Group has entered into commercial leases on certain land and equipment. These non-cancellable leases have remaining lease terms of between 1 month to 125 months (2014: 1 month to 137 months).

Future minimum rentals payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Not later than one year	3,874	3,190
Later than one year but not later than five years	7,369	3,296
Later than five years	2,221	2,427
	13,464	8,913

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

32. Commitments *(cont'd)*

(c) *Operating lease commitment – as lessor*

The Group has entered into commercial leases on its development properties held for sale, investment properties, leasehold property, tugboats and barges. These non-cancellable leases have remaining lease terms of between 1 month to 53 months (2014: 1 month to 50 months).

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	$'000
		(Restated)
Not later than one year	19,401	14,678
Later than one year but not later than five years	8,469	6,294
	27,870	20,972

33. Financial support to subsidiaries

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' Reports of the subsidiaries.

34. Fair value of assets and liabilities

(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 included within Level 1 that are observable for the asset or liability, either directly or indirectly, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(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:

	Quoted prices in active markets for identical instruments (Level 1) ($'000)	Significant observable inputs other than quoted prices (Level 2) ($'000)	Significant unobservable inputs (Level 3) ($'000)	Total ($'000)
Group				
Assets measured at fair value				
2015				
Financial assets:				
Held for trading investments (Note 9)				
– Equity instruments (quoted)	17	–	–	17
– SGD Index linked note due 30 June 2017 (quoted)	–	994	–	994
Available-for-sale financial assets (Note 9)				
– Equity instruments (quoted)	21,589	–	–	21,589
– Bonds (quoted)	–	76,411	–	76,411
Financial assets as at 31 May 2015	21,606	77,405	–	99,011
2014				
Financial assets:				
Held for trading investments (Note 9)				
– Equity instruments (quoted)	20	–	–	20
– SGD Index linked note due 30 June 2017 (quoted)	–	993	–	993
Available-for-sale financial assets (Note 9)				
– Equity instruments (quoted)	29,077	–	–	29,077
– Bonds (quoted)	–	69,691	–	69,691
Financial assets as at 31 May 2014	29,097	70,684	–	99,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(cont'd)*

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

	Quoted prices in active markets for identical instruments (Level 1) ($'000)	Significant observable inputs other than quoted prices (Level 2) ($'000)	Significant unobservable inputs (Level 3) ($'000)	Total ($'000)
Company				
Assets measured at fair value				
2015				
Financial assets:				
Available-for-sale financial assets (Note 9)				
- Equity instruments (quoted)	20,710	–	–	20,710
Financial assets as at 31 May 2015	20,710	–	–	20,710
2014				
Financial assets:				
Available-for-sale financial assets (Note 9)				
- Equity instruments (quoted)	28,120	–	–	28,120
Financial assets as at 31 May 2014	28,120	–	–	28,120
Group				
Assets measured at fair value				
2015				
Non-financial assets:				
Investment properties (Note 5)				
– Commercial	–	–	334,400	334,400
– Residential	–	16,877	–	16,877
Non-financial assets as at 31 May 2015	–	16,877	334,400	351,277
2014				
Non-financial assets:				
Investment properties (Note 5)				
– Commercial	–	–	234,000	234,000
– Residential	–	28,386	–	28,386
Non-financial assets as at 31 May 2014	–	28,386	234,000	262,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(cont'd)*

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Quoted SGD Index linked note and Bonds: Fair values are determined using quoted market prices in less active markets or quoted prices for similar assets at the end of the reporting period.

Residential investment properties: The valuation of residential investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(d) *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 and location	Fair value ($'000)	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
As at 31 May 2015				
Investment properties:				
Commercial, Singapore	13,400	Comparative Method of Valuation	Floor Area adjustment [1]	-20% to +30%
			Location and condition [1]	0% to 10%
	270,000	Income Approach	Rental income per month [2]	$76,150
			Capitalisation rate [2]	6.25%
	51,000	Residual Approach	Gross development value [3]	$680 psf to $1,250 psf
			Development cost [4]	$150 psf to $250 psf

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(cont'd)*

(d) *Level 3 fair value measurements* *(cont'd)*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

Description and location	Fair value ($'000)	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
As at 31 May 2014				
Investment properties:				
Commercial, Singapore	14,000	Comparative Method of Valuation	Floor Area adjustment [1]	-7% to +27%
			Location and condition [1]	5%
	220,000	Income Approach	Discount rate [5]	7.5%
			Occupancy rate [6]	95% to 99%

(1) The yield adjustments are made for any difference in the floor area, location or condition of the specific property.
(2) An increase/(decrease) in the rental income per month and capitalisation rate would result in an increase/(decrease) in the fair value of the investment properties.
(3) An increase/(decrease) in the gross development value would result in an increase/(decrease) in the fair value of the investment properties.
(4) An increase/(decrease) in the development cost would result in a (decrease)/increase in the fair value of the investment properties.
(5) An increase/(decrease) in the discount rate would result in a (decrease)/increase in the fair value of the investment properties.
(6) An increase/(decrease) in the occupancy rate would result in an increase/(decrease) in the fair value of the investment properties.

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

The following table presents the reconciliation for investment properties which are measured at fair value based on significant unobservable inputs (Level 3):

	Group	
	2015	**2014**
	$'000	$'000
Beginning of financial year	234,000	184,654
– Additions to investment properties	46,091	8,878
– Transfer from property, plant and equipment	–	1,907
– Net fair value gain recognised in profit or loss	54,309	38,561
End of financial year	334,400	234,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(cont'd)*

(d) *Level 3 fair value measurements (cont'd)*

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		Group			
		2015		2014	
	Note	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets					
Equity instruments, at cost	9	150	–	150	*
Financial liabilities					
Obligation under hire purchase	21	15,782	15,191	12,576	12,556

* Investment in equity instruments carried at cost (Note 9)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in a computer software company that is not quoted on any market.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

34. Fair value of assets and liabilities *(cont'd)*

(e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*** *(cont'd)*

Obligations under hire purchase (Note 21)

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(f) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts approximate fair value***

Trade receivables (Note 13), Other receivables and deposits (Note 14), Amounts due from related parties, joint ventures and associates (Note 15), Cash and cash equivalents (Note 16), Trade and other payables (Note 18), Accruals, Amounts due to joint ventures and associates (Note 15)

The carrying amounts of the above financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

Bank loans (Note 20)

The carrying amounts of interest-bearing borrowings (current and non-current) carry interest which approximates market rate. Accordingly, their carrying amounts approximate their fair values.

35. Classification of financial assets and liabilities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Fair value through profit or loss				
Investment securities	1,011	1,013	–	–
Available-for-sale financial assets				
Investment securities	98,150	98,918	20,710	28,120
Loans and receivables				
Trade receivables	159,742	132,539	–	–
Other receivables and deposits	21,545	22,022	3,729	130
Amounts due from related parties	1	1	171,427	117,197
Amounts due from joint ventures	51,200	65,281	9,885	27,284
Cash and cash equivalents	187,058	148,237	536	35,369
Amounts due from associates	117,133	104,252	14,164	18,868
	536,679	472,332	199,741	198,848

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

35. Classification of financial assets and liabilities *(cont'd)*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Financial liabilities at amortised cost				
Trade and other payables	187,310	145,289	223	46
Accruals	19,559	24,216	458	448
Amounts due to subsidiaries	–	–	161,013	148,845
Amounts due to joint ventures	33,151	33,272	–	–
Amounts due to associates	12,931	12,249	76	–
Bank loans	277,162	177,912	–	–
Obligations under hire purchase	15,782	12,576	–	–
	545,895	405,514	161,770	149,339

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Executive Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, amounts due from joint ventures and associates. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(a) *Credit risk (cont'd)*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation by the management. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the management.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial positions as disclosed in Note 35.
- A nominal amount of $465,503,000 (2014: $305,282,000) relating to corporate guarantee provided by the Group to the banks on subsidiaries, joint ventures and associates' loans.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, amounts due from joint ventures and associates (trade), on an on-going basis. The credit risk concentration profile of the Group's trade receivables from third parties, joint ventures and associates at the end of the reporting period is as follows:

	Group			
	2015		2014	
Trade receivables from third party	$'000	% of total	$'000 (Restated)	% of total (Restated)
By country:				
Singapore	159,742	100	132,539	100
By industry sectors:				
Construction	132,801	83	96,245	73
Engineering and leasing of construction machinery	161	–	70	–
Property development	5,115	3	12,439	9
Investment holding	241	–	60	–
Sales of concrete and sands	21,231	14	23,341	18
Dormitory	193	–	384	–
	159,742	100	132,539	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(a) *Credit risk (cont'd)*

Credit risk concentration profile *(cont'd)*

	Group			
Amounts due from joint ventures and associates (trade)	**2015** $'000	**2015** % of total	**2014** $'000	**2014** % of total
By country:				
Singapore	42,105	100	47,420	100
By industry sectors:				
Construction	40,874	97	47,301	100
Property development	173	–	119	–
Sales of concrete and sands	1,058	3	–	–
	42,105	100	47,420	100

At the end of the reporting period, approximately:

– 63% (Restated 2014: 56%) of the Group's trade receivables from third parties were due from 5 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the reporting period, approximately 24% (Restated 2014: 30%) of the Group's loans and borrowings (Note 20 and 21) will mature in less than one year based on the carrying amount reflected in the financial statements. The Company has no (2014: $Nil) loans and borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(b) *Liquidity risk (cont'd)*

	2015				2014 (Restated)			
	1 year or less $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000	**1 year or less** $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000
Group								
Financial assets:								
Trade and other receivables	181,287	–	–	181,287	154,561	–	–	154,561
Cash and cash equivalents	187,058	–	–	187,058	148,237	–	–	148,237
Receivables from related parties	1	–	–	1	1	–	–	1
Amounts due from joint ventures	51,200	–	–	51,200	65,281	–	–	65,281
Amounts due from associates	117,133	–	–	117,133	104,252	–	–	104,252
Investment securities	45,418	53,743	–	99,161	1,013	98,918	–	99,931
Total undiscounted financial assets	582,097	53,743	–	635,840	473,345	98,918	–	572,263
Financial liabilities:								
Trade and other payables	186,670	640	–	187,310	144,725	564	–	145,289
Amounts due to joint ventures	33,151	–	–	33,151	33,272	–	–	33,272
Amounts due to associates	12,931	–	–	12,931	12,249	–	–	12,249
Accruals	19,559	–	–	19,559	24,216	–	–	24,216
Bank loans	72,235	156,614	84,172	313,021	54,892	40,573	108,314	203,779
Obligations under hire purchase	5,902	10,601	–	16,503	4,509	8,648	2	13,159
Total undiscounted financial liabilities	330,448	167,855	84,172	582,475	273,863	49,785	108,316	431,964
Total net undiscounted financial assets/(liabilities)	251,649	(114,112)	(84,172)	53,365	199,482	49,133	(108,316)	140,299

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(b) *Liquidity risk (cont'd)*

	2015				2014			
	1 year or less $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000	**1 year or less** $'000	**1 to 5 years** $'000	**Over 5 years** $'000	**Total** $'000
Company								
Financial assets:								
Other receivables and deposits	3,729	–	–	3,729	130	–	–	130
Cash and cash equivalents	536	–	–	536	35,369	–	–	35,369
Receivables from related parties	171,427	–	–	171,427	117,197	–	–	117,197
Investment securities	–	20,710	–	20,710	–	28,120	–	28,120
Amounts due from joint ventures	9,885	–	–	9,885	27,284	–	–	27,284
Amounts due from associates	14,164	–	–	14,164	18,868	–	–	18,868
Total undiscounted financial assets	199,741	20,710	–	220,451	198,848	28,120	–	226,968
Financial liabilities:								
Trade and other payables	223	–	–	223	46	–	–	46
Accruals	458	–	–	458	448	–	–	448
Amounts due to associates	76	–	–	76	–	–	–	–
Amounts due to subsidiaries	161,013	–	–	161,013	148,845	–	–	148,845
Total undiscounted financial liabilities	161,770	–	–	161,770	149,339	–	–	149,339
Total net undiscounted financial assets	37,971	20,710	–	58,681	49,509	28,120	–	77,629

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(b) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less $'000	**One to five years** $'000	**Over five years** $'000	**Total** $'000
2015				
Group and Company				
Financial guarantees	13,746	89,001	41,021	143,768
2014 (Restated)				
Group and Company				
Financial guarantees	7,445	21,264	54,621	83,330

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of taxation would have been $1,058,000 (Restated 2014: $1,014,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The interest capitalised in development properties would have been $540,000 (Restated 2014: $120,000) lower/higher. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) *Foreign currency risk*

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

36. Financial risk management objectives and policies *(cont'd)*

(d) *Foreign currency risk (cont'd)*

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Australia, Cayman Islands and Malaysia. The Group's net investments in Australia, Cayman Islands and Malaysia are not hedged as currency positions in AUD, USD and MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, USD and MYR exchange rates (against SGD), with all other variables held constant, on the Group's profit net of taxation and equity.

		2015		2014	
		$'000	$'000	$'000	$'000
		Profit net of taxation	Equity	Profit net of taxation	Equity
USD	– strengthened 5% (2014: 5%)	2	–	–	–
	– weakened 5% (2014: 5%)	(2)	–	–	–
AUD	– strengthened 5% (2014: 5%)	117	1	–	–
	– weakened 5% (2014: 5%)	(117)	(1)	–	–
MYR	– strengthened 5% (2014: 5%)	7	–	11	–
	– weakened 5% (2014: 5%)	(7)	–	(11)	–

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity investments. The quoted equity investments are quoted on the SGX-ST in Singapore and are classified as held for trading and available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the end of reporting period, if the prices for the quoted equity investments had been 5% (2014: 5%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $1,079,000 (2014: $1,454,000) higher/lower, arising as a result of an increase/decrease in the fair value of quoted equity investments classified as available-for-sale. The Group's profit before taxation would have been $1,000 (2014: $1,000) higher/lower, arising as a result of an increase/ decrease in the fair value of equity instruments classified as held for trading.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2015 and 31 May 2014. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt.

The Group includes within total debt, loans and borrowings, trade and other payables and other liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group	
	2015 $'000	**2014** $'000 (Restated)
Amounts due to joint ventures (Note 15)	33,151	33,272
Amounts due to associates (Note 15)	12,931	12,249
Bank loans (Note 20)	277,162	177,912
Obligations under hire purchase (Note 21)	15,782	12,576
Trade and other payables	187,310	145,289
Accruals	19,559	24,216
Less: Cash and cash equivalents (Note 16)	(187,058)	(148,237)
Net debt	358,837	257,277
Equity attributable to the owners of the parent	463,999	394,637
Add/(less): Fair value adjustment reserve (Note 24)	703	(7,442)
Total capital	464,702	387,195
Capital and net debt	823,539	644,472
Gearing ratio	43.6%	39.9%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

38. Segment information

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

(i) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties as the main contractor. It also to a lesser extent undertakes civil engineering projects in both private and public sectors.

(ii) The engineering and leasing of construction machinery segment is involved in the provision of construction related services, such as scaffolding, electrical installations, leasing of metal formworks, as well as leasing of construction machinery and equipment.

(iii) The property development segment is involved in the development and sale of properties (residential, commercial and industrial), as well as the provision of property management services.

(iv) The manufacturing of concrete and asphalt segment is involved in the manufacture and supply of ready-mixed concrete and asphalt, as well as the sale of sand.

(v) The investment holding segment holds investments in quoted and unquoted securities and property for long-term capital appreciation, rental, as well as dividend yields.

(vi) The dormitory segment is involved in the rental of dormitory units and provision of dormitory service.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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 respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

38. Segment information *(cont'd)*

	Construction		Dormitory		Engineering and leasing of construction machinery	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000 (Restated)	$'000	$'000 (Restated)
Revenue:						
External customers	628,814	428,605	22,442	18,182	1,012	274
Inter-segment	9,349	30,011	–	–	31,503	21,831
Total revenue	638,163	458,616	22,442	18,182	32,515	22,105
Results:						
Interest income	4,115	2,556	128	53	69	79
Dividend income	27	27	–	–	–	–
Finance cost	822	497	2,066	1,720	20	11
Depreciation and amortisation	8,392	6,313	236	–	2,365	1,792
Share of results of joint ventures	146	71	–	–	–	–
Share of results of associates	–	–	(291)	–	–	–
Fair value (loss)/ gain on investment properties	(105)	122	50,000	38,123	–	–
Other non-cash expenses:						
Impairment loss on investment property	–	500	–	–	–	–
Impairment loss on development property held for sale	500	–	–	–	–	–
Allowance for doubtful receivables	–	–	–	–	–	–
Bad debts written off	–	31	–	4	–	–
Deposit written off	–	–	–	–	150	–
Segment profit/(loss)	39,826	30,155	65,664	50,570	6,378	4,213
Assets:						
Investment in joint ventures	402	256	–	–	–	–
Investment in associates	–	–	689	–	–	–
Additions to non-current assets	9,837	14,715	(5,487)	11,718	2,889	4,223
Segment assets	591,918	487,255	302,392	238,545	38,237	32,166
Segment liabilities	372,021	301,929	126,566	112,308	8,235	7,954

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

Property development		Investment holding		Manufacturing of concrete and asphalt		Adjustments and eliminations		Notes	Per consolidated financial statements	
2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**		**2015**	**2014**
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
	(Restated)		(Restated)		(Restated)		(Restated)			(Restated)
986	124,769	345	261	93,399	110,954	–	–	A	746,998	683,045
43	–	21,007	26,677	17,067	12,736	(78,969)	(91,255)		–	–
1,029	124,769	21,352	26,938	110,466	123,690	(78,969)	(91,255)		746,998	683,045
1,234	2,264	951	20	19	42	–	–		6,516	5,014
–	–	380	228	–	–	–	–		407	255
2,039	221	89	97	474	339	–	–		5,510	2,885
115	26	21	158	4,748	3,520	(47)	(28)		15,830	11,781
21,937	7,119	–	–	–	–	–	–		22,083	7,190
19,623	(2,277)	3,339	(456)	(1,129)	(280)	–	–		21,542	(3,013)
–	–	(3,321)	(3,242)	–	–	5,800	2,239		52,374	37,242
–	–	–	–	–	–	–	–		–	500
–	–	–	–	–	–	–	–		500	–
–	–	–	–	181	528	–	–		181	528
–	–	306	–	193	–	–	–		499	35
–	–	–	–	–	–	–	–		150	–
(1,867)	48,739	(3,701)	(3,774)	(1,462)	4,973	38,832	5,405	B	143,670	140,281
27,469	5,546	–	–	–	–	–	–		27,871	5,802
7,274	(1,466)	3,330	(17)	(209)	920	–	–		11,084	(563)
624	–	51,938	1,803	12,331	7,709	(332)	(2,238)	C	71,800	37,930
211,786	162,565	328, 061	272,479	71,065	60,426	(299,066)	(287,871)	D	1,244,393	965,565
199,612	136,204	196,547	140,936	46,895	35,571	(250,750)	(224,719)	E	699,126	510,183

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

38. Segment information *(cont'd)*

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are added to/(deducted from) segment profit to arrive at "Profit before taxation" presented in the consolidated statement of comprehensive income:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Share of results of associates	21,542	(3,013)
Share of results of joint ventures	22,083	7,190
(Loss)/profit from inter-segment sales	(4,793)	1,228
	38,832	5,405

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

D. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2015	**2014**
	$'000	$'000 (Restated)
Investment in associates	11,084	–
Investment in joint ventures	27,871	5,802
Inter-segment assets	(338,658)	(293,978)
Deferred tax assets	637	305
	(299,066)	(287,871)

E. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015	**2014**
	$'000	$'000 (Restated)
Investment in associates	–	563
Deferred tax liabilities	2,552	2,294
Provision for taxation	9,100	15,968
Inter-segment liabilities	(262,402)	(243,544)
	(250,750)	(224,719)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

38. Segment information *(cont'd)*

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2015	**2014**	**2015**	**2014**
	$'000	$'000 (Restated)	$'000	$'000
Singapore	746,998	683,045	442,860	344,414

Non-current assets information presented above consists of property, plant and equipment, investment properties as presented in the consolidated statement of financial position.

Information about major customers

Revenue from three (2014: one) major customers arising from the construction segment amounted to $337,362,000 (2014: $115,756,000).

39. Dividends

	Group and Company	
	2015	**2014**
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Exempt (one-tier) dividend for 2014: Final dividend of 1 cent and special dividend of 1.25 cent per share (2013: Final dividend of 1 cent and special dividend of 0.25 cent per share)	11,920	6,622
- Exempt (one-tier) dividend for 2015: Interim dividend of 1 cent (2014: Nil) per share	5,101	–
	17,021	6,622
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Exempt (one-tier) dividend for 2015: Final dividend of 1 cent and special dividend of 1 cent per share (2014: Final dividend of 1 cent and special dividend of 1.25 cent, exempt (one-tier) per share)	10,197	11,920

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 May 2015

40. Events occurring after the reporting period

Subsequent to the financial year end:

(i) On 11 June 2015, the Company has completed the subscription of 65,000,000 new ordinary shares in Datapulse Technology Limited ("Datapulse") for $7,302,750.

(ii) On 22 June 2015, Epic Land Pte Ltd, a 32% owned associate of the Group has executed a sales and purchase agreement to dispose the entire paid up share capital of its wholly-owned subsidiary, Epic Land (18-2) Pte Ltd and the settlement of shareholder's loan to an unrelated third party for an aggregate consideration of $16,189,440.

(iii) On 13 July 2015, a wholly-owned subsidiary of the Company, Wealth Land Pte Ltd ("Wealth"), together with three other non-related parties incorporated Fairmont Land Pte Ltd ("Fairmont"), in which Wealth holds 15%.

Fairmont owns the entire issued and paid-up share capital of Ultra Assets Holdings Limited ("Ultra Assets"), a company incorporated in the British Virgin Island, and will be principally engaged in the business of investment holding and real estate development. On 3 July 2015, Ultra Assets has completed the purchase of the freehold property on the north side of New York Road, Leeds, United Kingdom.

(iv) On 27 July 2015, the Company incorporated a 50% owned joint venture company in Singapore, named Lian Beng-KSH Pte. Ltd. ("LBKSH"). LBKSH will be principally engaged in the business of investment holding and real estate development.

(v) On 4 August 2015, the Company incorporated a subsidiary company in Singapore, named LB Gold Land Pte. Ltd. ("LBGL"). LBGL will be principally engaged in the business of investment holding and real estate development.

41. Authorisation of financial statements

The financial statements for the year ended 31 May 2015 were authorised for issue in accordance with a resolution of the directors on 21 August 2015.

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STATISTICS OF SHAREHOLDINGS
as at 18 August 2015

SHARE CAPITAL

Issued and fully paid-up capital – S$83,666,121.52
Number of Shares (excluding treasury shares) – 507,135,400
Number of Treasury Shares held – 22,624,600 (4.46%)
Class of Shares – Ordinary shares
Voting rights – 1 vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 61.83% of the issued ordinary shares of the Company (excluding 22,624,600 treasury shares) were held in the hands of the public as at 18 August 2015 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	9	0.17	176	0.00
100 – 1,000	223	4.17	211,984	0.04
1,001 – 10,000	2,990	55.97	19,115,712	3.77
10,001 – 1,000,000	2,088	39.09	105,807,700	20.86
1,000,001 and above	32	0.60	381,999,828	75.33
Total	**5,342**	**100.00**	**507,135,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	Ong Sek Chong & Sons Pte Ltd	95,190,400	18.77
2	DBS Nominees Pte Ltd	48,642,482	9.59
3	Citibank Nominees Singapore Pte Ltd	40,989,752	8.08
4	HSBC (Singapore) Nominees Pte Ltd	31,304,826	6.17
5	United Overseas Bank Nominees Pte Ltd	29,395,069	5.80
6	Ong Pang Aik	23,170,800	4.57
7	UOB Kay Hian Pte Ltd	13,461,500	2.66
8	Ong Bee Dee	11,937,000	2.35
9	Ong Lay Huan	11,583,200	2.28
10	Maybank Kim Eng Securities Pte Ltd	10,660,098	2.10
11	Ong Lay Koon	8,539,200	1.68

STATISTICS OF SHAREHOLDINGS
as at 18 August 2015

No	Name of Shareholder	Number of Shares Held	Percentage
12	DB Nominees (S) Pte Ltd	7,745,400	1.53
13	Li Feichang	5,863,000	1.16
14	Ang Mui Geok	4,428,799	0.87
15	Teo Kee Bock	3,527,300	0.70
16	OCBC Securities Private Limited	3,275,029	0.65
17	Raffles Nominees (Pte) Ltd	3,260,217	0.64
18	Morgan Stanley Asia (S) Securities Pte Ltd	2,903,622	0.57
19	DBS Vickers Securities (S) Pte Ltd	2,884,800	0.57
20	Hong Leong Finance Nominees Pte Ltd	2,710,000	0.54
		361,472,494	71.28

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Ong Sek Chong & Sons Pte Ltd[2]	95,190,400	18.77	45,000,000	8.87
Ong Pang Aik[3]	23,170,800	4.57	140,190,400	27.64
Ong Lay Huan[4]	11,583,200	2.28	140,190,400	27.64

Notes:

(1) Based on total issued and paid-up ordinary share capital (excluding 22,624,600 treasury shares) comprising 507,135,400 Shares.

(2) Ong Sek Chong & Sons Pte. Ltd. is deemed to be interested in 45,000,000 ordinary shares registered in the name of a nominee account.

(3) Ong Pang Aik's deemed interests refer to 140,190,400 shares held by Ong Sek Chong & Sons Pte Ltd by virtue of Section 7 of the Companies Act.

(4) Ong Lay Huan's deemed interests refer to 140,190,400 shares held by Ong Sek Chong & Sons Pte Ltd by virtue of Section 7 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of LIAN BENG GROUP LTD (the "**Company**") will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on Wednesday, 30 September 2015 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 May 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final (tax exempt one-tier) dividend of 1.0 cent per ordinary share for the financial year ended 31 May 2015. **(Resolution 2)**
3. To declare a special (tax exempt one-tier) dividend of 1.0 cent per ordinary share for the financial year ended 31 May 2015. **(Resolution 3)**
4. To re-elect Ms Ong Lay Huan as a Director, who is retiring pursuant to Article 107 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect the following Directors retiring under Article 117 of the Company's Articles of Association:-

   Mr Low Beng Tin [see explanatory note 1] **(Resolution 5)**
   Mr Ko Chuan Aun [see explanatory note 2] **(Resolution 6)**
6. To approve the payment of Directors' fees of S$380,000 for the financial year ended 31 May 2015 (2014: S$380,000). **(Resolution 7)**
7. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

8. **General Share Issue Mandate** **(Resolution 9)**

   "That, authority be and is hereby given to the Directors of the Company to:

   (i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

   (bb) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Board may, in their absolute discretion, deem fit; and

   (ii) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

   provided that:

NOTICE OF ANNUAL GENERAL MEETING

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company;

(4) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." [see explanatory note 3]

9. **Renewal of Share Buy Back Mandate** **(Resolution 10)**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

NOTICE OF ANNUAL GENERAL MEETING

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities;

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution; and

(f) Shareholders by voting to approve the Share Buy Back Mandate are waiving their rights to a general offer at a required price from Ong Directors (as defined in the Addendum) and parties acting in concert with them." [see explanatory note 4]

10. To transact any other business that may be properly transacted at the AGM of the Company.

BY ORDER OF THE BOARD
Wee Woon Hong
Lee Hock Heng
Company Secretaries
Singapore

11 September 2015

EXPLANATORY NOTES:

1. Mr Low Beng Tin will, upon re-election as a Director of the Company, remains as the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

2. Mr Ko Chuan Aun will, upon re-election as a Director of the Company, remains as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

3. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

4. The proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including

NOTICE OF ANNUAL GENERAL MEETING

the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Annual Report.

NOTES:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for holding the above Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member and its proxy(ies) or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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LIAN BENG GROUP LTD
Registration No. 199802527Z
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Lian Beng Group Ltd, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 September 2015.

I/We, ______________________________ (Name) of

______________________________ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or *

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting (the "AGM") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the AGM to be held on Wednesday, 30 September 2015 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Ordinary Resolutions relating to:-	Number of Votes For **	Number of Votes Against**
1.	Directors' Report and Audited Accounts for the financial year ended 31 May 2015		
2.	Payment of proposed first and final dividend		
3.	Payment of proposed special dividend		
4.	Re-election of Ms Ong Lay Huan as a Director		
5.	Re-election of Mr Low Beng Tin as a Director		
6.	Re-election of Mr Ko Chuan Aun as a Director		
7.	Approval of Directors' fees		
8.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9.	Authority to allot and issue shares		
10.	Renewal of Share Buy Back Mandate		

* Delete accordingly
** If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2015.

Total number of shares held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 29 Harrison Road, Lian Beng Building, Singapore 369648, not less than 48 hours before the time appointed for the meeting.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.