



LIAN BENG GROUP LTD

First Quarter Financial Statement And Dividend Announcement

First Quarter financial statements on consolidated results for the period ended 31 August 2008.

These figures have not been audited.

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		
	3 months ended 31 August 2008 S\$'000	3 months ended 31 August 2007 S\$'000	% Increase /(Decrease)
Revenue	37,231	41,975	-11.3%
Cost of sales	(31,214)	(38,557)	-19.0%
Gross profit	6,017	3,418	76.0%
Other operating income	592	367	61.3%
Distribution expenses	(452)	(29)	1458.6%
Administrative expenses	(1,965)	(1,657)	18.6%
Other operating expenses	(942)	(494)	90.7%
Finance costs	(537)	(380)	41.3%
Profit before taxation	2,713	1,225	121.5%
Taxation	(713)	(227)	214.1%
Profit for the year	2,000	998	100.4%
Attributable to :			
Equity holders of the Company	1,926	966	99.4%
Minority interests	74	32	131.3%
	2,000	998	100.4%

Notes to Income Statements:

	The Group		
	3 months ended 31 August 2008 S\$'000	3 months ended 31 August 2007 S\$'000	
Other income including interest income	304	184	65.2%
Gain on disposal of plant & equipment	47	176	-73.3%
Depreciation of property, plant and equipment (Note 1)	(810)	(397)	104.0%
Foreign exchange gain/(loss)	234	(39)	NM*

* Not Meaningful

Explanatory notes:

1 The increase in depreciation of property, plant and equipment was mainly due to increase in investment in plant and machinery.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group S\$'000		The Company S\$'000	
	31-Aug-08	31-May-08	31-Aug-08	31-May-08
<u>Non-current assets</u>				
Property, plant and equipment	24,327	23,779	-	-
Investment properties	8,845	8,879	-	-
Intangible assets	147	147	-	-
Investment in subsidiaries	-	-	28,088	28,088
Investment in jointly-controlled entities	-	-	-	-
Other receivables	2,680	10,835	2,680	2,680
Investment securities	8,634	905	-	-
	44,633	44,545	30,768	30,768
<u>Current assets</u>				
Construction work-in-progress	42,749	38,180	-	-
Development properties	109,434	108,081	-	-
Properties held for sale	6,154	6,154	-	-
Inventories	8,830	721	-	-
Trade receivables	67,939	56,068	-	-
Other receivables and deposits	29,030	28,212	6,527	6,508
Prepayments	1,851	1,396	21	3
Receivables from related parties	13	13	53,330	53,422
Amounts due from jointly-controlled entities	5,068	19,641	6	6
Asset held for sale	-	-	-	-
Investment securities	11	12	-	-
Fixed deposits	3,208	2,915	1,153	1,169
Cash and bank balances	6,020	5,323	945	351
	280,307	266,716	61,982	61,459
<u>Current liabilities</u>				
Progress billings in excess of construction work-in-progress	(18,891)	(2,402)	-	-
Trade payables and accruals	(41,596)	(44,634)	-	-
Other payables and deposits	(17,378)	(4,063)	(248)	(330)
Amounts due to related parties	(2,910)	(17,340)	(6,294)	(5,607)
Bank overdrafts	(19,399)	(20,898)	-	-
Bank loans	(11,591)	(19,672)	(1,080)	(1,094)
Bills payable	(10,188)	(3,625)	-	-
Current portion of obligations under hire purchase	(1,768)	(1,695)	-	-
Provision for taxation	(4,483)	(3,806)	-	-
	(128,204)	(118,135)	(7,622)	(7,031)
Net current assets	152,103	148,581	54,360	54,428
<u>Non-current liabilities</u>				
Bank loans	(82,258)	(80,325)	-	-
Obligations under hire purchase	(4,065)	(4,244)	-	-
Deferred tax liabilities	(414)	(377)	-	-
	(86,737)	(84,946)	-	-
Net assets	109,999	108,180	85,128	85,196
<u>Equity attributable to equity holders of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Foreign currency translation reserve	(76)	(11)	-	-
Fair value adjustment reserve	93	209	-	-
Accumulated profits	27,476	25,550	2,853	2,921
	109,768	108,023	85,128	85,196
Minority interests	231	157	-	-
Total equity	109,999	108,180	85,128	85,196

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 August 2008

Secured (S\$)	Unsecured (S\$)
42,946,000	0

As at 31 May 2008

Secured (S\$)	Unsecured (S\$)
45,890,000	0

Amount repayable after one year

As at 31 August 2008

Secured (S\$)	Unsecured (S\$)
86,323,000	0

As at 31 May 2008

Secured (S\$)	Unsecured (S\$)
84,569,000	0

Details of any collateral

As at 31 August 2008, the Group's borrowings of S\$129.3 million (31 May 2008 : S\$130.5 million) are secured by the Group's freehold and leasehold properties, development properties, properties held for sale, plant, machinery, motor vehicles, and fixed deposits.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group (S\$'000) 3 months ended 31-Aug-08	The Group (S\$'000) 3 months ended 31-Aug-07
<u>Cash flows from operating activities</u>		
Profit before taxation	2,713	1,225
Adjustments for:-		
Depreciation of property, plant and equipment	776	363
Depreciation of investment properties	34	34
Dividend income from investment securities	(7)	(7)
Gain on sale of property, plant and equipment	(47)	(176)
Net fair value loss on investment securities	1	-
Share of loss in jointly-controlled entity	411	-
Interest income	(63)	(42)
Interest expense	537	380
Exchange translation difference	(81)	(1)
Allowance for impairment on doubtful receivables	2	-
Operating cash flows before changes in working capital	4,276	1,776
<u>Changes in working capital :-</u>		
Development properties	(1,354)	-
Construction work-in-progress	11,922	(5,749)
Inventories	(8,109)	903
Trade receivables	(11,873)	5,902
Other receivables and deposits	(770)	(3,784)
Prepayments	(456)	308
Trade payables, other payables, accruals and bills payable	16,429	(1,496)
Balances with related parties	4	(186)
	5,793	(4,102)
Cash generated from/(used in) operations	10,069	(2,326)
Income tax paid	-	(135)
Income tax recovered	1	-
Net cash flows generated from/(used in) operating activities	10,070	(2,461)
<u>Cash flows from investing activities</u>		
Interest received	15	42
Dividend income from investment securities	7	7
Purchase of property, plant and equipment	(1,115)	(241)
Proceeds from disposal of property, plant and equipment	47	275
Additional investments in investment securities	(7,845)	(250)
Amount due from long term other receivable	8,155	(7,825)
Net cash flows generated from/(used in) investing activities	(736)	(7,992)
<u>Cash flows from financing activities</u>		
Interest paid	(537)	(380)
Repayment of hire purchase creditors	(300)	(373)
Proceeds from bank loans	4,057	6,453
Repayment of bank loans	(10,205)	(2,090)
Release of/(increase in) fixed deposits pledged to bank	736	(17)
Dividend paid to minority shareholder of a subsidiary	-	(60)
Loan from minority shareholder of a subsidiary company	140	-
Net cash flows (used in)/generated from financing activities	(6,109)	3,533
Net increase in cash and cash equivalents	3,225	(6,920)
Cash and cash equivalents at beginning of the period	(15,564)	(6,216)
Cash and cash equivalents at end of the period *	(12,339)	(13,136)

* Breakdown of cash and cash equivalents at the end of period:

	\$'000	\$'000
Cash at bank and in hand	6,020	3,976
Fixed deposits	3,208	3,029
Fixed deposit and cash at bank pledged to bank	(2,168)	(1,800)
Bank overdrafts	(19,399)	(18,341)
Total	(12,339)	(13,136)

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year

	The Group S\$'000		The Company S\$'000	
	3 Months ended 31-Aug-08	3 Months ended 31-Aug-07	3 Months ended 31-Aug-08	3 Months ended 31-Aug-07
Share Capital				
Balance as at beginning and end of period	82,275	42,866	82,275	42,866
Foreign Currency Translation Reserve				
Balance as at beginning of period	(11)	(23)	-	-
Net effect of exchange differences	(65)	(4)	-	-
Balance as at end of period	(76)	(27)	-	-
Fair Value Adjustment Reserve				
Balance as at beginning of period	209	706	-	-
Net loss on fair value changes during the period	(116)	(64)	-	-
Balance as at end of period	93	642	-	-
Accumulated Profits				
Balance as at beginning of period	25,550	14,657	2,921	1,336
Profit/(loss) for the period	1,926	966	(68)	(134)
Balance at end of period	27,476	15,623	2,853	1,202
Minority Interests (MI)				
Balance as at beginning of period	157	86	-	-
Share of profit for the period	74	32	-	-
Dividend paid to minority interest shareholder	-	(60)	-	-
Balance at end of period	231	58	-	-
Total shareholders' equity	109,999	59,162	85,128	44,068
	-	-	-	-

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

None

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares as at 31 August 2008 is 529,760,000 shares (FY 2008: 529,760,000 shares)

- 1(d)(iv) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares as at the end of the current financial period reported on

Not Applicable

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not Applicable

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 May 2008.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the new/revised FRS and INT FRS is currently assessed to have no significant impact on the financial position and the results of the current period and prior period of the Group.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per share attributable to equity holders of the Company (cents per share)	3 months ended	
	31-Aug-08	31-Aug-07
(a) On a basic basis	0.36	0.21
(b) On a fully diluted basis	0.36	0.21

Earnings per share is calculated based on 529,760,000 ordinary shares for the current quarter. (1Q2008: 454,760,000 shares)

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)	Group		Company	
	As at	As at	As at	As at
	31-Aug-08	31-May-08	31-Aug-08	31-May-08
	20.72	20.39	16.07	16.08

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current quarter. (FY 2008: 529,760,000 shares)

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

A) Income Statements

The Group posted total revenue of \$37.2 million for the three months ended 31 August 2008 ("1Q09"), a decrease of 11.3% compared with \$42.0 million registered in the corresponding period last year ("1Q08"). The decrease is mainly due to a lower amount of revenue recognised in the period as several construction projects have commenced works but have not attained the minimum percentage of completion in order for revenue to be recognised.

Gross profit jumped 76.0% from \$3.4 million in 1Q08 to \$6.0 million in 1Q09, mainly due to the Group's recognition of profits of several construction projects from the construction division, contribution of profits from the property development management division and training & testing centre. As a result, gross profit margin increased from 8.1% in 1Q08 to 16.1% in 1Q09.

The Group's distribution expenses increased to \$453,000 from \$29,000, mainly attributable to cost incurred in the construction of a showflat for one of its properties under development.

The Group recorded a 100.4% increase in net profit to \$2.0 million for 1Q09 versus \$1.0 million for 1Q08.

B) Balance Sheet Statements

Trade receivables increased from \$56.1 million to \$67.9 million despite a decline in revenue, as the Group has yet to receive payments for some of its progress billings recorded at the end of 1Q09.

Inventories increased from \$0.7 million to \$8.8million, mainly due to the purchase of materials for the construction projects.

Progress billings in excess of construction work-in-progress increased by \$16.5 million, mainly due to progress billings for the works done that exceeded the cost of works incurred for several construction projects.

In line with the increase in level of construction activities and projects awarded to the Group, other payables and deposits increased \$13.3 million due to advance payments received for the construction projects. Bills payable also increased \$6.6 million due to the purchase of materials.

C) Cash flow Statements

Net cash flows generated from operating activities for the current quarter rose to \$10.1 million from negative \$2.5 million in 1Q08. This was mainly due to higher profits generated, an increase in other payables and a decrease in net construction work-in-progress, offset by an increase in trade receivables and inventories.

The decrease in net cash flows used in investing activities was mainly due to the long-term other receivable in 1Q08.

The net cash flows used in financing activities was attributable to the increase in repayment of bank loan.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

According to BCA forecasts, the domestic construction sector is expected to grow to \$27.0b - \$32.0b in 2008, indicating a robust demand for construction services. As an established building construction player, the Group stands to benefit from the continuing demand for construction services in Singapore and will continue to selectively tender for projects.

The Group also continues to strengthen its foothold in the luxury residential market, with the recent addition of wholly-owned subsidiary Millennium International Builders Pte Ltd ("Millennium"). Marking its entrance into this business segment, Millennium was awarded main contractor for the prestigious The Ritz-Carlton Residences, a Singapore project at Cairnhill.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

No dividend has been declared/recommended during the financial period.

(d) Books closure date

No dividend has been declared/recommended during the financial period.

12 If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/recommended during the financial period.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

- 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 15 A breakdown of sales**

Not applicable

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
October 15, 2008

**CONFIRMATION PURSUANT TO RULE 705(4) OF THE LISTING MANUAL OF THE
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

**For the announcement of unaudited financial statements
for the first quarter ended 31 August 2008**

We, Ong Pang Aik and Ong Lay Koon, being Directors of Lian Beng Group Ltd (“the Company”), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited first quarter financial results for the period ended 31 August 2008 to be false or misleading.

For and on behalf of the Board of Directors.

Ong Pang Aik
Chairman and Managing Director

Ong Lay Koon
Executive Director

15 October 2008