



**LIAN BENG GROUP LTD**

**First Quarter Financial Statement And Dividend Announcement**

**First Quarter financial statements on consolidated results for the period ended 31 August 2010.**

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)(i) 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 2010 S\$'000	3 months ended 31 August 2009 S\$'000	% Increase /(Decrease)
<b>Revenue</b>	112,300	85,111	31.9%
Cost of sales	(94,328)	(75,704)	24.6%
<b>Gross profit</b>	17,972	9,407	91.0%
Other operating income	359	576	-37.7%
Distribution expenses	(286)	(450)	-36.4%
Administrative expenses	(3,328)	(2,804)	18.7%
Other operating expenses	(1,163)	(710)	63.8%
Finance costs	(311)	(211)	47.4%
<b>Profit before taxation</b>	13,243	5,808	128.0%
Taxation	(2,269)	(442)	413.3%
<b>Profit for the period</b>	10,974	5,366	104.5%
<b>Other comprehensive income :</b>			
Foreign currency translation	91	-	NM*
Fair value adjustment on available-for-sale financial assets	10	149	-93.3%
Other comprehensive income for the period, net of tax	101	149	-32.2%
Total other comprehensive income for the period, net of tax	11,075	5,515	100.8%
<b>Profit attributable to :</b>			
Equity holders of the Company	10,922	5,281	106.8%
Minority interests	52	85	-38.8%
	10,974	5,366	104.5%
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	11,023	5,430	103.0%
Minority interests	52	85	-38.8%
	11,075	5,515	100.8%

**Notes to Income Statements:**

	The Group		
	3 months ended 31 August 2010 S\$'000	3 months ended 31 August 2009 S\$'000	% Increase /(Decrease)
Overprovision of tax in respect of prior years	-	472	NM*
Other income including interest income	219	316	-30.7%
Gain on disposal of plant & equipment	39	16	143.8%
Depreciation of property, plant and equipment (Note 1)	(1,287)	(944)	36.3%
Depreciation of investment properties	(27)	(34)	-20.6%
Allowance for impairment on doubtful receivables	(9)	(60)	-85.0%
Loss of foreign exchange	(187)	(15)	1146.7%

\* Not Meaningful

**Explanatory notes:**

- 1 The increase in depreciation of property, plant and equipment was mainly due to addition of new equipment and machinery arising from the increase in construction activities.

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-10	31-May-10	31-Aug-10	31-May-10
<b><u>Non-current assets</u></b>				
Property, plant and equipment	44,349	41,930	-	-
Investment properties	14,442	14,071	-	-
Intangible assets	129	129	-	-
Investment in subsidiaries	-	-	28,688	28,688
Investment securities	11,302	11,292	-	-
	<b>70,222</b>	<b>67,422</b>	<b>28,688</b>	<b>28,688</b>
<b><u>Current assets</u></b>				
Construction work-in-progress	15,559	20,783	-	-
Development properties	90,752	90,264	-	-
Properties held for sale	6,154	6,154	-	-
Inventories	1,816	4,954	-	-
Trade receivables	130,630	104,402	-	-
Other receivables and deposits	38,225	37,453	9,496	9,443
Prepayments	1,088	1,439	-	8
Receivables from related parties	5	1	70,990	70,232
Amounts due from jointly-controlled entities	31	36	-	-
Asset held for sale (Note)	-	-	-	-
Investment securities	13	13	-	-
Fixed deposits	49,134	36,396	128	127
Cash and bank balances	33,052	34,361	66	50
	<b>366,459</b>	<b>336,256</b>	<b>80,680</b>	<b>79,860</b>
<b><u>Current liabilities</u></b>				
Progress billings in excess of construction work-in-progress	92,834	75,175	-	-
Trade payables and accruals	90,717	77,800	476	401
Other payables and deposits	1,046	1,100	51	52
Amounts due to related parties	5,051	4,855	21,515	20,580
Bank loans	24,309	28,430	-	-
Bills payable	2,118	4,196	-	-
Current portion of obligations under hire purchase	3,259	2,829	-	-
Provision for taxation	6,514	4,484	-	-
	<b>225,848</b>	<b>198,869</b>	<b>22,042</b>	<b>21,033</b>
<b>Net current assets</b>	<b>140,611</b>	<b>137,387</b>	<b>58,638</b>	<b>58,827</b>
<b><u>Non-current liabilities</u></b>				
Bank loans	46,983	53,188	-	-
Obligations under hire purchase	7,024	6,080	-	-
Deferred tax liabilities	1,727	1,517	-	-
	<b>55,734</b>	<b>60,785</b>	-	-
<b>Net assets</b>	<b>155,099</b>	<b>144,024</b>	<b>87,326</b>	<b>87,515</b>
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	82,275	82,275	82,275	82,275
Foreign currency translation reserve	110	19	-	-
Fair value adjustment reserve	257	247	-	-
Accumulated profits	71,841	60,919	5,051	5,240
	154,483	143,460	87,326	87,515
Minority interests	616	564	-	-
<b>Total equity</b>	<b>155,099</b>	<b>144,024</b>	<b>87,326</b>	<b>87,515</b>
	-	-	-	-

Note : Relate to 50% interest in jointly-controlled entity (" Lian Beng Energy Pte Ltd")

**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 2010

Secured (S\$)	Unsecured (S\$)
29,686,000	0

As at 31 May 2010

Secured (S\$)	Unsecured (S\$)
35,455,000	0

**Amount repayable after one year**

As at 31 August 2010

Secured (S\$)	Unsecured (S\$)
54,007,000	0

As at 31 May 2010

Secured (S\$)	Unsecured (S\$)
59,268,000	0

**Details of any collateral**

As at 31 August 2010, the Group's borrowings of S\$83.7 million ( 31 May 2010 : S\$94.7 million) are secured by the Group's freehold and leasehold properties, development properties, properties held for sale, plant, machinery and motor vehicles. The bank facilities of the subsidiary companies are also secured by corporate guarantees from the Company.

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-10	The Group (S\$'000) 3 months ended 31-Aug-09
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	13,243	5,808
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	1,287	944
Depreciation of investment properties	27	34
Dividend income from investment securities	(2)	(2)
Gain on sale of property, plant and equipment	(39)	(16)
Net fair value gain on investment securities	-	(2)
Interest income	(70)	(8)
Interest expense	311	211
Exchange translation difference	91	-
Allowance for impairment on doubtful receivables	9	60
<b>Operating cash flows before changes in working capital</b>	<b>14,857</b>	<b>7,029</b>
<b><u>Changes in working capital :-</u></b>		
Development properties	(113)	5,447
Interest paid capitalised in development properties	(375)	(575)
Construction work-in-progress	22,913	6,501
Inventories	3,138	1,172
Trade receivables	(26,228)	7,082
Other receivables and deposits	(728)	(334)
Prepayments	351	144
Trade payables, other payables, accruals and bills payable	10,785	27
Balances with related parties	(77)	198
	<b>9,666</b>	<b>19,662</b>
Cash generated from operations	<b>24,523</b>	<b>26,691</b>
Income tax paid	(29)	(31)
Income tax recovered	-	472
<b>Net cash flows generated from operating activities</b>	<b>24,494</b>	<b>27,132</b>
<b><u>Cash flows from investing activities</u></b>		
Interest received	20	8
Dividend income from investment securities	2	2
Purchase of property, plant and equipment	(3,009)	(2,464)
Purchase of investment properties	(398)	(1,050)
Proceeds from disposal of property, plant and equipment	39	68
Amount due from long term other receivable	-	(165)
<b>Net cash flows used in investing activities</b>	<b>(3,346)</b>	<b>(3,601)</b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(311)	(211)
Proceeds from hire purchase creditors	1,575	-
Repayment of hire purchase creditors	(928)	(635)
Proceeds from bank loans	-	786
Repayment of bank loans	(10,326)	(10,922)
Increase in fixed deposits pledged to bank	-	(42)
Loan from minority shareholder of a subsidiary company	271	55
<b>Net cash flows used in financing activities</b>	<b>(9,719)</b>	<b>(10,969)</b>
Net increase in cash and cash equivalents	<b>11,429</b>	<b>12,562</b>
Cash and cash equivalents at beginning of the period	70,757	24,945
<b>Cash and cash equivalents at end of the period *</b>	<b>82,186</b>	<b>37,507</b>

* Breakdown of cash and cash equivalents at the end of period:	\$'000	\$'000
Cash at bank and in hand	33,052	35,144
Fixed deposits	49,134	5,138
Fixed deposit and cash at bank pledged to bank	-	(2,754)
Bank overdrafts	-	(21)
<b>Total</b>	<b>82,186</b>	<b>37,507</b>

- 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**

	Group					
	Share Capital	Translation Reserve	Fair Value Adj Reserve	Accumulated Profit	Minority Interest	Total
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
<b>Balance as at 1 June 2009</b>	82,275	(71)	103	40,062	376	122,745
Total comprehensive income for the period	-	-	149	5,281	85	5,515
<b>Balance as at 31 August 2009</b>	82,275	(71)	252	45,343	461	128,260
<b>Balance as at 1 June 2010</b>	82,275	19	247	60,919	564	144,024
Total comprehensive income for the period	-	91	10	10,922	52	11,075
<b>Balance as at 31 August 2010</b>	82,275	110	257	71,841	616	155,099

  

	Company		
	Share Capital	Accumulated Profit	Total
	S\$ '000	S\$ '000	S\$ '000
<b>Balance as at 1 June 2009</b>	82,275	3,424	85,699
Total comprehensive income for the period	-	197	197
<b>Balance as at 31 August 2009</b>	82,275	3,621	85,896
<b>Balance as at 1 June 2010</b>	82,275	5,240	87,515
Total comprehensive income for the period	-	(189)	(189)
<b>Balance as at 31 August 2010</b>	82,275	5,051	87,326

- 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 2010 is 529,760,000 shares (FY 2010: 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 May 2010, except for those disclosed under Paragraph 5.

**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 Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 June 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS. The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements.

**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	3 months ended
	31-Aug-10	31-Aug-09
(a) On a basic basis	2.06	1.00
(b) On a fully diluted basis	2.06	1.00

Earnings per share is calculated based on 529,760,000 ordinary shares for the current quarter. (1Q10: 529,760,000 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-10	31-May-10	31-Aug-10	31-May-10
	29.16	27.08	16.48	16.52

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current quarter. (FY2010: 529,760,000 shares)

**8** 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**

Group revenue for the three months ended 31 August 2010 ("1Q11") rose 31.9% to \$112.3 million from \$85.1 million registered in the corresponding period last year ("1Q10"). The strong growth was mainly due to higher revenue recognition from the Group's construction segment as well as contribution from its ready-mixed concrete segment.

The revenue growth coupled with the enhanced operational and cost efficiencies resulted in the Group recording a 91.0% improvement in gross profit to \$18.0 million from \$9.4 million in 1Q10. Gross profit margin improved from 11% in 1Q10 to 16% in 1Q11.

Taking into account the increase in operating costs and taxation that were reflective of the business and revenue growth, the Group recorded a 104.5% increase in net profit to \$11.0 million for 1Q11, compared to \$5.4 million for 1Q10.

**B) Balance Sheet Statements**

Property, plant and equipment increased from \$41.9 million to \$44.3 million mainly due to the addition of equipment and machinery in the quarter under review, together with the cost incurred for the Group's new head office building that is currently under construction.

In line with increase in business activity, trade receivables, trade payables, accruals and progress billings in excess of construction work-in-progress all registered increases. Inventories decreased from \$4.9 million to \$1.8 million due to the usage of raw materials for the construction works-in-progress.

Total borrowings decreased from \$94.7 million to \$83.7 million mainly due to repayment of bank borrowings in 1Q11.

**C) Cash Flow Statements**

Net cash generated from operating activities decreased from \$27.1 million in 1Q10 to \$24.5 million in 1Q11. This was mainly due to higher profits generated offset by a lower net working capital inflow in the first quarter ended 31 August 2010.

Net cash used in investing activities was mainly due to the Group's purchase of investment properties, new machinery and equipment as well as cost incurred for the new corporate head office building.

Net cash used in financing activities was attributable to repayment of bank borrowings and partially offset by proceeds from hire purchase creditors.

Overall, cash and cash equivalents stood at \$82.2 million as at 31 August 2010, representing an improvement of \$44.7 million, from \$37.5 million as at 31 August 2009.



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

The Group's First Quarter Results is in line with the positive market outlook previously announced in the paragraph 10 of the Full Year Results announcement.

**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**

Following the recent successful launches of various private property developments, the Group expects demand for its construction services to remain stable.

As at 31 August 2010, the Group's order book stood at \$875 million which will provide it with a steady stream of activity through FY13. Leveraging its expertise and track record, the Group expects to further strengthen its order book through tendering for more contracts in the public and private sectors. It will also continue to focus on its core business of construction, and improve its operational efficiency and project management to generate sustainable value for shareholders.

With regard to the Company's lawsuit against Manhattan Resources Limited ("Manhattan") for outstanding debt amounting to \$9.4 million, the Company's legal counsel continues to maintain that the Company has a favourable prospect of success in its claim against Manhattan and in defending Manhattan's counterclaim in Suit No 605. In view of the legal counsel's opinion, the Group has not made a provision for the doubtful debt amount of \$9.4 million owed by Manhattan.

**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  
11-Oct-2010

**CONFIRMATION PURSUANT TO RULE 705(5) 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 2010**

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 2010 to be false or misleading.

For and on behalf of the Board of Directors.

\_\_\_\_\_  
Ong Pang Aik  
Chairman and Managing Director

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Ong Lay Koon  
Executive Director

11 October 2010