



LIAN BENG GROUP LTD

First Quarter Financial Statement And Dividend Announcement

First Quarter financial statements on consolidated results for the period ended 31 August 2013.

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 and statement of comprehensive income, or a statement of Comprehensive income 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 2013 S\$'000	3 months ended 31 August 2012 S\$'000	% Increase /(Decrease)
Revenue	163,487	113,407	44.2%
Cost of sales	(143,490)	(97,465)	47.2%
Gross profit	19,997	15,942	25.4%
Other operating income	995	2,720	-63.4%
Distribution expenses	(3,003)	(218)	1277.5%
Administrative expenses	(4,401)	(4,289)	2.6%
Other operating expenses	(1,763)	(1,431)	23.2%
Finance costs	(477)	(153)	211.8%
Share of results of associates	(1,629)	8	nm
Profit before taxation	9,719	12,579	-22.7%
Taxation	(1,242)	(2,004)	-38.0%
Profit for the period	8,477	10,575	-19.8%
Other comprehensive income :			
Foreign currency translation	(7)	12	-158.3%
Fair value adjustment on available-for-sale financial assets	(96)	36	-366.7%
Other comprehensive (loss) / income for the period, net of tax	(103)	48	-314.6%
Total other comprehensive income for the period, net of tax	8,374	10,623	-21.2%
Profit attributable to :			
Owners of the parent	7,262	10,508	-30.9%
Non-controlling interests	1,215	67	1713.4%
	8,477	10,575	-19.8%
Total comprehensive income attributable to:			
Owners of the parent	7,159	10,556	-32.2%
Non-controlling interests	1,215	67	1713.4%
	8,374	10,623	-21.2%

Notes to Income Statements:

		The Group		
		3 months ended 31 August 2013 S\$'000	3 months ended 31 August 2012 S\$'000	% Increase /(Decrease)
Other income including interest income	Note 1	726	1,225	-40.7%
Gain on disposal of plant & equipment		199	202	-1.5%
Depreciation of property, plant and equipment	Note 2	(2,719)	(2,306)	17.9%
Depreciation of investment properties	Note 3	(288)	(26)	1007.7%
Foreign exchange gain / (loss)		15	(62)	-124.2%
Dividend income from investment securities	Note 4	5	1,238	-99.6%
Overprovision of tax in respect of prior years	Note 5	286	-	nm

* Not Meaningful

Explanatory notes:

- The decrease in other and interest income was mainly due to the decline in rental income following the cessation of the leases with the tenants as the building formerly known as Hougang Plaza had to be demolished for redevelopment. The decrease was also partly due to the cessation of interest charged in 1Q14 to Emerald Land Pte Ltd("Emerald") as the Group has disposed of its equity interest in Emerald in 2Q13.
- The increase in depreciation of property, plant and equipment was mainly due to the addition of plant and equipment as well as purchases of vessels.
- The increase in depreciation of investment properties was due to addition of investment properties.
- In 1Q13, the dividend income received was mainly arisen from the Group's 19% investment securities. In 1Q14, the results of this investment securities was now being equity accounted for as post-acquisition changes in the share of net assets of the associate.
- The overprovision of tax in respect of prior years was due to the refund of tax for R & D claim now agreed by IRAS.

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

	The Group		The Company	
	S\$'000		S\$'000	
	31-Aug-13	31-May-13	31-Aug-13	31-May-13
<u>Non-current assets</u>				
Property, plant and equipment	59,374	58,775	-	-
Investment properties	143,748	136,558	-	-
Investment in joint venture	-	-	500	500
Investment in subsidiaries	-	-	46,656	46,656
Investment in associates	-	1,104	200	200
Deferred tax assets	825	200	-	-
Investment securities	9,899	9,313	-	-
	213,846	205,950	47,356	47,356
<u>Current assets</u>				
Construction work-in-progress	4,565	4,397	-	-
Development properties	154,672	162,427	-	-
Development properties held for sale	5,389	5,389	-	-
Inventories	12,878	6,916	-	-
Trade receivables	166,294	161,168	-	-
Other receivables and deposits	9,213	2,266	3	4
Prepayments	1,398	1,683	1	4
Receivables from related parties	1	1	77,909	70,996
Amounts due from jointly-controlled entities	8,333	7,032	26,879	26,879
Amount due from associates	66,815	63,541	15,480	15,100
Investment securities	1,020	1,020	-	-
Fixed deposits	75,391	69,533	-	-
Cash and bank balances	125,285	101,352	27,114	831
	631,254	586,725	147,386	113,814
<u>Current liabilities</u>				
Progress billings in excess of construction work-in-progress	105,006	98,817	-	-
Trade and other payables	153,169	134,803	56	68
Accruals	23,773	15,030	499	431
Amounts due to related parties	-	-	88,840	55,043
Bank loans	59,173	2,963	-	-
Bills payable	632	-	-	-
Current portion of obligations under hire purchase	4,037	4,351	-	-
Provision for taxation	10,324	9,303	-	-
	356,114	265,267	89,395	55,542
Net current assets	275,140	321,458	57,991	58,272
<u>Non-current liabilities</u>				
Associates	677	-	-	-
Bank loans	209,607	256,276	-	-
Obligations under hire purchase	5,935	6,787	-	-
Deferred tax liabilities	2,299	2,251	-	-
	218,518	265,314	-	-
Net assets	270,468	262,094	105,347	105,628
<u>Equity attributable to equity holders of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Capital reserve	474	474	-	-
Foreign currency translation reserve	(18)	(11)	-	-
Fair value adjustment reserve	496	592	-	-
Retained earning	184,582	177,320	23,072	23,353
	267,809	260,650	105,347	105,628
Non-controlling interests	2,659	1,444	-	-
Total equity	270,468	262,094	105,347	105,628
	-	-	-	-

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 2013

Secured (S\$)	Unsecured (S\$)
63,842,000	-

As at 31 May 2013

Secured (S\$)	Unsecured (S\$)
7,314,000	-

Amount repayable after one year

As at 31 August 2013

Secured (S\$)	Unsecured (S\$)
215,542,000	-

As at 31 May 2013

Secured (S\$)	Unsecured (S\$)
263,063,000	-

Details of any collateral

As at 31 August 2013, the Group's borrowings of S\$279.4 million (31 May 2013 : S\$270.4 million) are secured by the Group's freehold and leasehold properties, development properties, investment properties, barges, tug boats, plant, machinery and motor vehicles. The bank facilities of the subsidiary companies are also secured by corporate guarantees from the Company.

1(c) A statement of cash flows (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-13	The Group (S\$'000) 3 months ended 31-Aug-12
<u>Cash flows from operating activities</u>		
Profit before taxation	9,719	12,579
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	2,719	2,306
Depreciation of investment properties	288	26
Dividend income from investment securities	(5)	(1,238)
Gain on sale of property, plant and equipment	(199)	(202)
Net fair value gain on investment securities	-	(1)
Gain on sale of investment securities	-	(5)
Interest income	(286)	(541)
Interest expense	477	153
Unrealised exchange differences	(12)	12
Asset written off	4	-
Share of results of associate	1,629	(8)
Operating cash flows before changes in working capital	14,334	13,081
<u>Changes in working capital :-</u>		
Development properties	8,574	(87,729)
Construction work-in-progress	6,214	(1,896)
Inventories	(5,962)	494
Trade receivables	(5,126)	(5,226)
Other receivables and deposits	(6,958)	384
Prepayments	285	195
Trade payables, other payables and accruals	26,756	14,720
Balances with related parties	(16,582)	(4,246)
	7,201	(83,304)
Cash flows generated from / (used in) operations	21,535	(70,223)
Interest paid capitalised in development properties	(819)	(89)
Income tax paid	(798)	(17)
Net cash flows generated from / (used in) operating activities	19,918	(70,329)
<u>Cash flows from investing activities</u>		
Interest received	272	260
Dividend income from investment securities	5	1,238
Additional investment in investment securities	(657)	-
Purchase of property, plant and equipment	(3,322)	(3,812)
Purchase of investment properties	(7,478)	(23,478)
Proceeds from disposal of property, plant and equipment	199	246
Repayment of loan by associates	12,320	-
Proceeds from disposal of investment securities	-	6
Net cash flows generated from / (used in) investing activities	1,339	(25,540)
<u>Cash flows from financing activities</u>		
Interest paid	(477)	(153)
Proceeds from bank loans and bills payable	12,977	96,636
Repayment of hire purchase creditors	(1,166)	(833)
Repayment of bank loans	(2,804)	(83)
Capital contribution from a non-controlling shareholder	-	20
Repayment to a non-controlling shareholder of a subsidiary company	-	(2,159)
Net cash flows generated from financing activities	8,530	93,428
Net increase / (decrease) in cash and cash equivalents	29,787	(2,441)
Cash and cash equivalents at beginning of the period	170,885	186,778
Effect of exchange rate changes on balance held in foreign currencies	4	-
Cash and cash equivalents at end of the period *	200,676	184,337

* Breakdown of cash and cash equivalents at the end of period:	\$'000	\$'000
Cash at bank and in hand	125,285	97,614
Fixed deposits	75,391	86,723
Total	200,676	184,337

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	Capital reserve	Translation Reserves	Fair Value Adj Reserves	Retained earnings	Non-controlling interests	Total equity
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2012	82,275	351	(19)	379	148,473	788	232,247
Profit for the period	-	-	-	-	10,508	67	10,575
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	36	-	-	36
Foreign currency translation	-	-	12	-	-	-	12
Other comprehensive income for the period, net of tax	-	-	12	36	-	-	48
Total comprehensive income for the period	-	-	12	36	10,508	67	10,623
<u>Contribution by and distribution to owner</u>							
Capital contributed by non-controlling interest	-	-	-	-	-	20	20
Balance as at 31 August 2012	82,275	351	(7)	415	158,981	875	242,890
Balance as at 1 June 2013	82,275	474	(11)	592	177,320	1,444	262,094
Profit for the period	-	-	-	-	7,262	1,215	8,477
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(96)	-	-	(96)
Foreign currency translation	-	-	(7)	-	-	-	(7)
Other comprehensive (loss) / income for the period, net of tax	-	-	(7)	(96)	-	-	(103)
Total comprehensive income for the period	-	-	(7)	(96)	7,262	1,215	8,374
<u>Contribution by and distribution to owner</u>							
Capital contributed by non-controlling interest	-	-	-	-	-	-	-
Balance as at 31 August 2013	82,275	474	(18)	496	184,582	2,659	270,468

	Company		
	Share Capital	Retained earnings	Total equity
	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2012	82,275	26,824	109,099
Loss for the period	-	(229)	(229)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(229)	(229)
Balance as at 31 August 2012	82,275	26,595	108,870
Balance as at 1 June 2013	82,275	23,353	105,628
Loss for the period	-	(281)	(281)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(281)	(281)
Balance as at 31 August 2013	82,275	23,072	105,347

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 2013 is 529,760,000 shares (FY 2013: 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 2013, 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 2013. 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	
	31-Aug-13	31-Aug-12
(a) On a basic basis	1.37	1.98
(b) On a fully diluted basis	1.37	1.98

Earnings per share is calculated based on 529,760,000 ordinary shares for the current quarter. (1Q12: 529,760,000 shares)

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares 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-13	31-May-13	31-Aug-13	31-May-13
	50.55	49.20	19.89	19.94

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current quarter. (FY2013: 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) Comprehensive Income Statements

Group revenue for the three months ended 31 August 2013 ("1Q14") increased 44.2% to \$163.5 million from \$113.4 million registered in the corresponding period last year ("1Q13"). The increase in the Group revenue was mainly due to the increase in revenue recognition from the construction and property development divisions as well as revenue contribution from ready-mixed concrete division. The dormitory business has also made its contribution to the Group's revenue in 1Q14.

In line with the revenue growth, gross profit increased by 25.4% to \$20 million from \$15.9 million in 1Q13.

Other operating income decreased to \$1.0 million in 1Q14 from \$2.7 million in 1Q13 was due to the decrease in dividend income received in 1Q14. Distribution expenses increased from \$0.2 million in 1Q13 to \$3.0 million in 1Q14 arose from the increase in selling and marketing expense from the sale of Spottiswoode Suites and The Midtown. Finance costs increased from \$0.2 million to \$0.5 million was due to interest paid for the dormitory which was TOP in March 2013 whereas in 1Q13, the interest incurred was capitalised in the dormitory.

The share of losses of associates of \$1.6 million was mainly due to the selling and marketing expenses arising from the sale of Newest, KAP Residences and Eco-tech@Sunview. Non-controlling interest ("NCI") increased to \$1.2 million in 1Q14 was mainly due to NCI's share of profit in the dormitory business.

After taking into account the decrease in other operating income, increase in distribution expenses and share of losses of associates as well as taxation, the Group recorded a 19.8% decrease in profit after tax to \$8.5 million for 1Q14, compared to \$10.6 million for 1Q13.

B) Financial Position Statements

Long term investment properties increased to \$143.7 million in 1Q14 from \$136.6 million in FY2013 was mainly due to progressive payments for the residential properties and development cost incurred for the workers' dormitory at Mandai Estate.

Investment in associates in 1Q14 of negative \$0.7 million compared to positive \$1.1 million in FY2013 was mainly due to the share of losses of associates.

Development properties decreased from \$162.4 million to \$154.7 million in 1Q14 was mainly due to increase in progressive income offset by increase in costs for The Midtown, Spottiswoode Suites, M-Space and Lincoln Suites.

In line with the increase in business activity, trade receivables, inventories, trade and other payables, accruals and progress billings in excess of construction work-in-progress all registered increases. Other receivables and deposits increased to \$9.2 million in 1Q14 from \$2.3 million was mainly due to deposit for the successful tender of land at Mandai Link.

Total borrowings increased from \$270.4 million to \$279.4 million in 1Q14 was mainly due to bank borrowing to finance the dormitory at Mandai Estate.

C) Cash Flow Statements

Net cash generated from operating activities of \$19.9 million in 1Q14 was mainly due to operating cashflow before changes in working capital of \$14.3 million and net working capital inflow of \$7.2 million after deducting payment of income tax and interest charges.

Net cash generated from investing activities of \$1.3 million in 1Q14 was mainly attributable to the proceeds from the disposal of property, plant and equipment and repayment of loan by the associate after offsetting the purchase of property, plant and equipment and progressive payments for investments in residential properties and cost incurred for workers' dormitory.

Net cash generated from financing activities of \$8.5 million in 1Q14 was mainly attributable to additional bank loan drawn down to finance the dormitory at Mandai Estate offset by repayment of bank loan and hire purchase creditors.

Overall, cash and cash equivalents stood at \$200.7 million as at 31 August 2013, representing an improvement of \$16.4 million from \$184.3 million as at 31 August 2012.

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 cautious 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.

On 3 September 2013, BCA has revised upward their forecast for total construction demand for 2013 from between \$26 billion and \$32 billion, to \$28 billion and \$34 billion. Construction demand forecast for 2014 and 2015 has also been revised upward from between \$20 billion and \$28 billion, to \$22 billion and \$30 billion per annum of which 60% will come from building works and 40% from the civil engineering projects.

In the light of strong construction demand, the Group is cautiously optimistic of the construction market outlook in the next 12 months and will continue to leverage its established track record and capability to tender for more public and private sector projects.

As at 31 August 2013, the Group's order book stood at \$1.2 billion which will provide it with a sustainable flow of activities through FY2016.

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.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as no IPT mandate has been obtained.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

- 14 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

- 15 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

- 16 A breakdown of sales.**

Not applicable

- 17 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
10-Oct-2013

**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 2013**

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 2013 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors.

Ong Pang Aik
Chairman and Managing Director

Ong Lay Koon
Executive Director

10 October 2013