



LIAN BENG GROUP LTD

First Half Financial Statement And Dividend Announcement

First half financial statements on consolidated results for the period ended 30 November 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		
	6 months ended 30 November 2010 S\$'000	6 months ended 30 November 2009 S\$'000	% Increase /(Decrease)
Revenue	249,283	157,594	58.2%
Cost of sales	(210,272)	(136,687)	53.8%
Gross profit	39,011	20,907	86.6%
Other operating income	968	1,503	-35.6%
Distribution expenses	(496)	(744)	-33.3%
Administrative expenses	(6,838)	(5,896)	16.0%
Other operating expenses	(4,301)	(1,964)	119.0%
Finance costs	(488)	(502)	-2.8%
Profit before taxation	27,856	13,304	109.4%
Taxation	(5,158)	(1,898)	171.8%
Profit for the period	22,698	11,406	99.0%
Other comprehensive income :			
Foreign currency translation	156	135	15.6%
Fair value adjustment on available-for-sale financial assets	42	108	-61.1%
Other comprehensive income for the period, net of tax	198	243	-18.5%
Total other comprehensive income for the period, net of tax	22,896	11,649	96.5%
Profit attributable to :			
Equity holders of the Company	22,578	11,300	99.8%
Minority interests	120	106	13.2%
	22,698	11,406	99.0%
Total comprehensive income attributable to:			
Equity holders of the Company	22,776	11,543	97.3%
Minority interests	120	106	13.2%
	22,896	11,649	96.5%

Notes to Income Statements:

	The Group		
	6 months ended 30 November 2010 S\$'000	6 months ended 30 November 2009 S\$'000	% Increase /(Decrease)
Overprovision of tax in respect of prior years	5	444	-98.9%
Other income including interest income	461	635	-27.4%
Gain on disposal of plant & equipment	92	305	-69.8%
Depreciation of property, plant and equipment (Note 1)	(2,745)	(2,025)	35.6%
Depreciation of investment properties	(54)	(63)	-14.3%
Bad debt written off (Note 2)	(2,006)	-	NM
Allowance for impairment on doubtful receivables	(3)	(312)	-99.0%
Gain on sale of investment property	263	75	250.7%
Foreign exchange loss	(323)	(347)	-6.9%

* Not Meaningful

Explanatory notes:

- 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.
- The bad debt written off arose from the write off of doubtful debt owed by Manhattan Resources Limited ("Manhattan") following an out-of-court settlement for both Suit 605 of 2008/Z and Suit 274 of 2010/A.

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	
	30-Nov-10	31-May-10	30-Nov-10	31-May-10
<u>Non-current assets</u>				
Property, plant and equipment	46,506	41,930	-	-
Investment properties	17,405	14,071	-	-
Intangible assets	129	129	-	-
Investments in subsidiaries	-	-	29,189	28,688
Investment securities	11,334	11,292	-	-
	75,374	67,422	29,189	28,688
<u>Current assets</u>				
Construction work-in-progress	18,068	20,783	-	-
Development properties	89,209	90,264	-	-
Properties held for sale	6,154	6,154	-	-
Inventories	2,796	4,954	-	-
Trade receivables	128,831	104,402	-	-
Other receivables and deposits	37,240	37,453	7,469	9,443
Prepayments	1,488	1,439	5	8
Receivables from related parties	1	1	74,063	70,232
Amounts due from jointly-controlled entities	12	36	-	-
Asset held for sale (Note)	-	-	-	-
Investment securities	16	13	-	-
Fixed deposits	12,364	36,396	127	127
Cash and bank balances	88,769	34,361	900	50
	384,948	336,256	82,564	79,860
<u>Current liabilities</u>				
Progress billings in excess of construction work-in-progress	97,261	75,175	-	-
Trade payables and accruals	104,099	77,800	227	401
Other payables and deposits	1,243	1,100	31	52
Amounts due to related parties	5,048	4,855	30,693	20,580
Bank overdrafts	278	-	-	-
Bank loans	21,553	28,430	-	-
Bills payable	1,514	4,196	-	-
Current portion of obligations under hire purchase	3,489	2,829	-	-
Provision for taxation	6,912	4,484	-	-
	241,397	198,869	30,951	21,033
Net current assets	143,551	137,387	51,613	58,827
<u>Non-current liabilities</u>				
Bank loans	46,694	53,188	-	-
Obligations under hire purchase	7,635	6,080	-	-
Deferred tax liabilities	1,914	1,517	-	-
	56,243	60,785	-	-
Net assets	162,682	144,024	80,802	87,515
<u>Equity attributable to equity holders of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Foreign currency translation reserve	175	19	-	-
Fair value adjustment reserve	289	247	-	-
Accumulated profits	79,259	60,919	(1,473)	5,240
	161,998	143,460	80,802	87,515
Minority interests	684	564	-	-
Total equity	162,682	144,024	80,802	87,515
	-	-	-	-

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 30 November 2010

Secured (S\$)	Unsecured (S\$)
26,834,000	0

As at 31 May 2010

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

Amount repayable after one year

As at 30 November 2010

Secured (S\$)	Unsecured (S\$)
54,329,000	0

As at 31 May 2010

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

Details of any collateral

As at 30 November 2010, the Group's borrowings of S\$81.2 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 (\$'000) 6 months ended 30-Nov-10	The Group (\$'000) 6 months ended 30-Nov-09
<u>Cash flows from operating activities</u>		
Profit before taxation	27,856	13,304
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	2,745	2,025
Depreciation of investment properties	54	63
Dividend income from investment securities	(5)	(4)
Gain on sale of property, plant and equipment	(92)	(305)
Gain on sale of investment property	(263)	(75)
Net fair value (gain)/loss on investment securities	(3)	(5)
Interest income	(165)	(25)
Interest expense	488	502
Exchange translation difference	156	138
Bad debt written off	2,006	-
Allowance for impairment on doubtful receivables	3	312
Operating cash flows before changes in working capital	32,780	15,930
<u>Changes in working capital :-</u>		
Development properties	1,783	11,267
Interest paid capitalised in development properties	(728)	(1,091)
Construction work-in-progress	24,801	13,128
Inventories	2,158	(3,113)
Trade receivables	(24,429)	(126)
Other receivables and deposits	(1,676)	(4,824)
Prepayments	(49)	292
Trade payables, other payables, accruals and bills payable	23,760	3,962
Balances with related parties	(405)	324
	25,215	19,819
Cash flows generated from operations	57,995	35,749
Income tax paid	(2,336)	(1,856)
Income tax recovered	3	549
Net cash flows generated from operating activities	55,662	34,442
<u>Cash flows from investing activities</u>		
Interest received	47	15
Dividend income from investment securities	5	4
Purchase of property, plant and equipment	(5,011)	(5,052)
Purchase of investment properties	(3,598)	(1,318)
Proceeds from disposal of property, plant and equipment	245	438
Proceeds from disposal of investment property	473	758
Additional investments in investment securities	-	(2,504)
Amount due from long term other receivable	-	1,640
Net cash flows used in investing activities	(7,839)	(6,019)
<u>Cash flows from financing activities</u>		
Interest paid	(488)	(502)
Proceeds from Hire purchase creditors	1,575	-
Repayment of hire purchase creditors	(1,823)	(1,341)
Proceeds from bank loans	-	4,555
Repayment of bank loans	(13,371)	(16,180)
Increase in fixed deposits pledged to bank	-	(2)
Loan from minority shareholder of a subsidiary company	620	286
Dividend paid on ordinary shares	(4,238)	(3,178)
Net cash flows used in financing activities	(17,725)	(16,362)
Net increase in cash and cash equivalents	30,098	12,061
Cash and cash equivalents at beginning of the period	70,757	24,945
Cash and cash equivalents at end of the period *	100,855	37,006

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

	\$'000	\$'000
Cash at bank and in hand	88,769	30,937
Fixed deposits	12,364	9,200
Fixed deposit and cash at bank pledged to bank	-	(2,716)
Bank overdrafts	(278)	(415)
Total	100,855	37,006

- 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
Balance as at 1 June 2009	82,275	(71)	103	40,062	376	122,745
Total comprehensive income for the period	-	135	108	11,300	106	11,649
Dividend paid on ordinary shares	-	-	-	(3,178)	-	(3,178)
Balance as at 30 November 2009	82,275	64	211	48,184	482	131,216
Balance as at 1 June 2010	82,275	19	247	60,919	564	144,024
Total comprehensive income for the period	-	156	42	22,578	120	22,896
Dividend paid on ordinary shares	-	-	-	(4,238)	-	(4,238)
Balance as at 30 November 2010	82,275	175	289	79,259	684	162,682

	Company		
	Share Capital	Accumulated Profit	Total
	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2009	82,275	3,424	85,699
Total comprehensive income for the period	-	(199)	(199)
Dividends paid on ordinary shares	-	(3,178)	(3,178)
Balance as at 30 November 2009	82,275	47	82,322
Balance as at 1 June 2010	82,275	5,240	87,515
Total comprehensive income for the period	-	(2,475)	(2,475)
Dividends paid on ordinary shares	-	(4,238)	(4,238)
Balance as at 30 November 2010	82,275	(1,473)	80,802

- 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 30 November 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)	6 months ended	6 months ended
	30-Nov-10	30-Nov-09
(a) On a basic basis	4.26	2.13
(b) On a fully diluted basis	4.26	2.13

Earnings per share is calculated based on 529,760,000 ordinary shares for the current period (1H10: 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**

	Group		Company	
	As at	As at	As at	As at
	30-Nov-10	31-May-10	30-Nov-10	31-May-10
Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)	30.58	27.08	15.25	16.52

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current period (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 half-year ended 30 November 2010 (1H2011) increased by 58.2% or \$91.7 million, to \$249.3 million from \$157.6 million achieved in the previous corresponding period (1H2010). The strong revenue growth was mainly due to higher revenue recognition from the Group's main construction business, as well as contribution from its property development and ready-mixed concrete business segments. The higher revenue recognition from the main construction segment was mainly due to revenue recognition from on-going and newly commenced construction projects.

In line with the revenue growth, gross profit increased by 86.6% or \$18.1 million, from \$20.9 million in 1H2010 to \$39.0 million in 1H2011. Due to greater cost efficiencies, gross profit margin also improved from 13.3% in 1H2010 to 15.6% in 1H2011.

Other operating income fell 35.6% from \$1.5 million in 1H2010 to \$1.0 million in 1H2011, mainly due to the cessation of the Job Credit Scheme in Singapore. The increase in other operating expenses of \$2.3 million or 119.0% was largely attributable to the write off of doubtful debt owed by Manhattan following the out-of-court settlement.

Taking into account the above, the Group's net profit recorded an increase of 99.0% to \$22.7 million for 1H2011, from \$11.4 million for 1H2010.

B) Balance Sheet Statements

The increase in the value of property, plant and equipment from \$41.9 million as at 31 May 2010 to \$46.5 million as at 30 November 2010 was largely attributable to the purchase of equipment and machinery coupled with the cost incurred for the Group's new head office building that is currently under construction. The increase in the value of investment property from \$14.1 million to \$17.4 million mainly due to the acquisition of a light industrial building along New Industrial Road for long term capital appreciation and rental yield.

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 \$5.0 million to \$2.8 million, mainly due to the usage of raw materials for construction work-in-progress.

Development properties registered a slight decline to \$89.2 million from \$90.3 million after taking into consideration progressive income received for Ola Residences, the Group's 100%-owned property development project, and Lincoln Suites, the Group's 25%-owned property development project.

Total borrowings decreased from \$94.7 million to \$81.2 million mainly due to lower bank borrowings and repayment of bank borrowings.

C) Cash Flow Statements

Net cash generated from operating activities rose to \$55.7 million in 1H2011 from \$34.4 million in 1H2010. This was mainly due to profits generated along with a higher net working capital inflow in 1H2011.

Net cash used in investing activities was mainly due to the Group's purchase of investment properties.

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

Overall, cash and cash equivalents registered an improvement of \$63.9 million to \$100.9 million as at 30 November 2010, from \$37.0 million as at 30 November 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 Half Year Results is in line with the positive market outlook previously announced in the paragraph 10 of the First Quarter 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 the back of Singapore's strong economic growth, recent large en bloc sales, as well as the roll-out of a healthy pipeline of public infrastructure projects, the Group expects the outlook for the construction industry to be positive over the next 12 months.

As at 30 November 2010, the Group's order book stood at \$762 million which should provide it with a steady flow of activities through FY2013. Leveraging its financial strength and track record, the Group will continue to participate in tendering for more contracts in the public and private sectors. It will continue to focus on stringent cost management, improving operational efficiency and is also actively seeking for growth opportunities in new markets through acquisitions, joint ventures and/or strategic alliances that are synergistic with its construction and property development businesses.

With regard to the Company's lawsuit against Manhattan for outstanding debt amounting to S\$9.4 million, the Company, Manhattan and Mr. Ong Pang Aik have reached an out-of-court settlement for both Suit 605 of 2008/Z and Suit 274 of 2010/A. In view of the settlement, the Group's legal counsel has advised that it is in the process of applying to the Accountant General to pay the Company S\$7.4 million, and the Group has meanwhile written off the doubtful debt amounting to S\$2.0 million owed by Manhattan. Upon receipt of the sum of S\$7.4 million, the Company will file its Notice of Discontinuance against Manhattan in Suit 605 of 2008/Z.

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
January 12, 2011

**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 half year ended 30 November 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 half year financial results for the period ended 30 November 2010 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

12 January 2011