聯明集團有限公司
LIAN BENG GROUP LTD

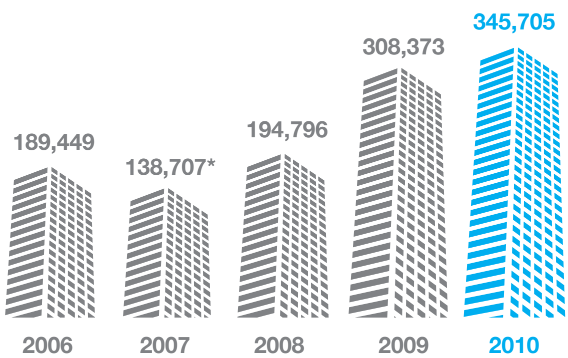
Steady
GROWTH
On Strong
FOUNDATION

Annual Report 2010

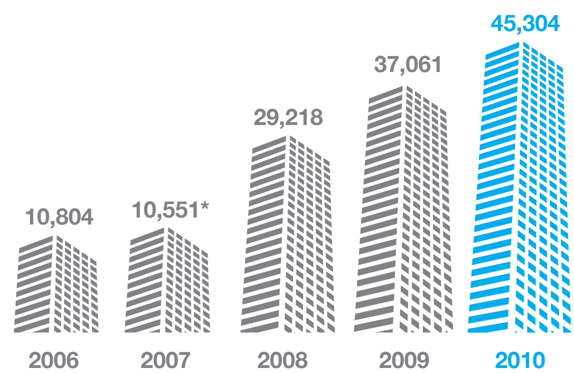
FINANCIAL HIGHLIGHTS

"We posted a record **S$345.7** million in revenue for the financial year ended 31 May 2010"

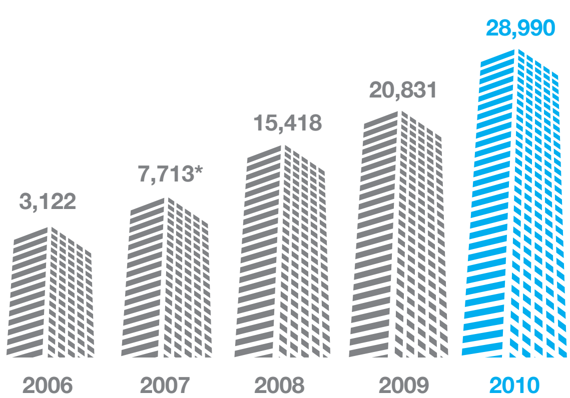
REVENUE
(S$'000)



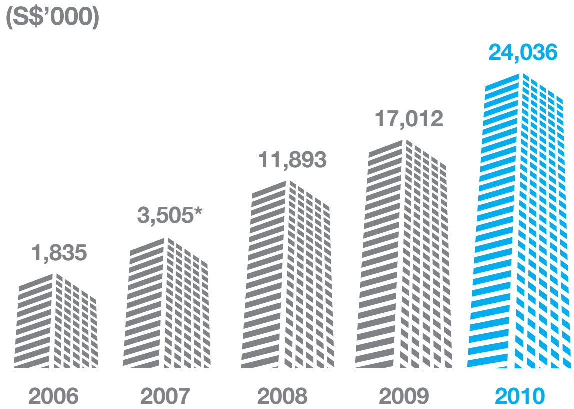
GROSS PROFIT
(S$'000)



PROFIT BEFORE TAX
(S$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(S$'000)



* *Figures for FY2007 excluded discontinued operations*

Perspective of New Corporate Head Office

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MISSION STATEMENT

To provide the
BEST
QUALITY
for Services and Products
to all our Customers at
the Most Competitive Cost.

We will continue to **LEVERAGE** on our **strengths** and **capabilities** in integrated engineering and construction capabilities to tender for more projects from these sectors, and

DELIVER QUALITY RESULTS.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you Lian Beng Group's Annual Report for the Financial Year ended 31 May 2010 ("FY10").

For Lian Beng, FY10 started off on a soft note but progressed steadily through the months to culminate on a high. By the close of the year, we had secured five projects worth a total of $530.7 million, enjoyed the successful launch of one of our its joint-venture property development projects, and clinched two significant awards for incorporating green initiatives into its construction activities.

In terms of performance, driven by improved demand for construction and construction-related activities from the private residential sector, we posted a record S$345.7 million in revenue for FY10, which was a 12.1% rise from S$308.4 million achieved in the preceding year ("FY09").

On the back of higher revenue and a tight cost control, we are heartened to report positive profit growth for the seventh consecutive year, as net profit attributable to shareholders jumped 41.2% to S$24.0 million, compared to S$17.0 million recorded in FY09. Earnings per share for FY10 also rose 41.4% to 4.54 cents versus 3.21 cents the year before.

DIVIDEND

In view of our continued profitability, and in appreciation of our shareholders' support over the past year, our Board has recommended a first and final cash dividend of 0.4 cents per ordinary share, and a special dividend of 0.4 cents per ordinary share, subject to shareholders' approval at the coming Annual General Meeting. Together, the 0.8 cents dividend makes up about 18% of Lian Beng's net profit for the year.

YEAR IN REVIEW

We have withstood the financial turmoil through a well-grounded foundation in civil engineering and building construction and our vast experience in handling diverse projects.

Our construction division continues to be our main revenue driver. In all, the Group completed five projects in FY10, namely, Scorpio East Building at Tai Seng Avenue, Ferraria Park, Grand Duchess, Northwood Condominium and Sixth Avenue Residences. During the year, we were also awarded contracts to build five more condominiums. These new construction projects will add to our present portfolio that includes the development of camp facilities at Kranji, Kovan Residences, Amber Residences, and the prestigious Ritz-Carlton Residences, Cairnhill Singapore.

With regard to property development, progressive recognition of sales from OLA Residences – a 50-unit freehold condominium located at Mountbatten Road continue to contribute well to the Group. Along with this, Lincoln Suites, which was launched in late 2009, was met with favourable response.

111 Emerald Hill
(Artist's Impression)

Lincoln Suites
(Artist's Impression)

CHAIRMAN'S STATEMENT

OUR GREEN INITIATIVES

In line with our commitment to reduce the environmental impact of our activities, we incorporated numerous environmentally friendly elements in the design and construction of our new headquarters at Harrison Road. Our efforts were recognized by the Building & Construction Authority ("BCA"), which awarded us the Green Mark Platinum Award for this project. In addition, Millennium International Builders Pte. Ltd., our subsidiary that is focused on the construction of high-end residential developments, received the Green & Gracious Builder Award for adopting green initiatives in their construction activities.

GOING FORWARD

As the global economy begins to recover, the Singapore government has forecasted an optimistic 13 to 15% economic growth for the country in 2010, higher than many major economies including China. This rapid growth is expected to spur demand in numerous sectors and industries, including the construction industry, as reflected by BCA's forecast for local construction demand to reach between S$21.0 billion and S$27.0 billion by the end of 2010.

With the addition of three new projects secured at the beginning of Financial Year 2011 (FY11), our order book stands at S$970 million as at 1 August 2010. Going forward, these contracts will provide us with a constant flow of activities through to 2013.

Our established track records in both private residential and public infrastructure sectors will position us well as the frontrunner to ride this upward demand trend. We will continue to leverage on our strengths and capabilities in integrated engineering and construction capabilities to tender for more projects from these sectors, and deliver quality results.

Prudent cost management bore fruits for us this year, and remains vital to us going forward, as we continue to strengthen our position in the forefront of the industry.

APPRECIATION

Lian Beng's position as a key player in Singapore's construction arena came about through the combined efforts and commitment from many people. On behalf of the board, I would like to thank our colleagues, business partners, suppliers and customers for their continuous support and faith in us throughout the years.

I am also thankful to have a capable and diligent board of directors who contributed greatly to the Group with their experience and counsel.

I am confident that, in the year ahead, we will continue to work together to ride the opportunities for growth, and thereby create greater value for our stakeholders.

ONG PANG AIK BBM
Chairman and Managing Director

主席致辞

尊敬的股东们，

我很荣幸向各位呈现联明集团截至2010年5月31日财政年度（"2010财政年度"）的年度报告。

2010财政年度对联明集团来说，起步虽然缓慢，但业绩却保持逐月增长，进而取得全年的新高。截至年底，我们已经成功标得5项工程，总值共计5亿3070万新元。同时，我们也推出一项合资开发的住宅项目，并凭借将绿色环保设计融入建筑工程而赢得两项重要奖项。

业务表现方面，在私宅业楼房建筑及相关业务的需求增长推动下，截至2010年5月31日，集团总收入达到3亿4570万新元，与去年同期（"2009财政年度"）创下的3亿840万新元相比，增长12.1%。

在高收入增长和严谨开支控制的基础上，我们对集团连续第七年取得业绩增长深感鼓舞，股东应占净利润比2009财政年度的1700万新元相比激增41.2%至2400万新元。每股收益也随之从新元3.21分增长41.4% 达新元4.54分。

回馈股东

随着集团效益持续提高，并为感谢股东过去一年来对集团给予的支持，董事会特建议派发每普通股新元0.4分的首次末期股息和每普通股新元0.4分的额外股息，有待来临的年度股东大会股东表决通过。本财政年度的总股息将达到每普通股新元0.8分，占联明集团全年净利润的18%。

年度总结

集团在土木工程和楼房建筑业务的扎实基础以及丰富多样的工程经验，成功地为我们抵御较早前环球金融危机的冲击。

楼房建筑工程收入仍是带动集团发展的主要业务。2010财政年度全年间，集团成功为五个住宅项目竣工，包括位于 Tai Seng Avenue 的 Scorpio East Building, Ferraria Park, Grand Duchess, Northwood Condominium 和 Sixth Avenue Residences。在过去的这一年，我们也囊括另外5个公寓项目合约，为集团业务锦上添花。这组项目合约将扩大集团的现有业务，其中包括 Kovan Residences, Amber Residences, 以及位于登嘉路的高档住宅 Ritz-Carlton Residences。

房地产开发业务方面，集团位于蒙巴登路,拥有50间单位的高档永久地契公寓OLA Residences 销售中所逐步获得的收益为集团的收入做出了可观的贡献。除此之外，2009年末推出的Lincoln Suites也受到良好的市场反应。

绿色使命

秉持着集团对减少环境污染的承诺，我们在设计建造位于 Harrison Road 的新办公总部时结合了许多环保要素。这份努力受到建设局的肯定，并借此赢得建设局2010年绿色建筑标志白金奖。另外，专门致力于开发高级住宅项目的联明属下子公司 Millennium International Builders Pte. Ltd. 也因为在建筑业务贯彻绿色概念而获建设局颁发 Green & Gracious Builder Award。

前景展望

全球经济正在复苏，新加坡政府更乐观预计2010年国家经济增长将保持在13%到15%的水平，超越包括中国在内的其他许多主要经济体。这样快速的经济发展将促进多种工业的市场需求，其中包括建筑业。建设局预计本地建筑行业需求到2010年底将达到210亿至270亿新元。

加上集团在2011财政年度初标得的三项工程合约，截至2010年8月1日我们的订单总量达到9亿7000万新元。这将足以提供持续至2013年的稳定工程量和商业活动。

凭借集团在公共设施和私人楼房建筑两方面的业绩，我们已经准备好成为这次经济起飞的行业领跑者。集团也将继续借助我们在综合型工程和建设能力方面的优势赢得更多项目，并且正向集团使命提到的那样，继续创造优质工程。

审慎的成本管理在今年为集团创下的良好业绩功不可没。在我们巩固集团领先优势的当而，这方面仍然是我们来年发展壮大的重中之重。

衷心感谢

联明集团能够发展成为新加坡建筑行业的主力军离不开许多人的共同努力和奉献。我谨代表董事会向所有同事，商界同仁，供应商和客户表示衷心感谢，感谢他们多年来不断的支持和信任。

我也对于能够拥有一个勤勉能干的董事会深感荣幸，感谢各位董事对集团贡献他们的丰富经验和明智忠告。

我有信心在来临的一年我们将继续齐心努力，紧抓机遇，再创新高！

王邦益 BBM
集团主席兼执行董事

MR ONG PANG AIK BBM
Chairman & Managing Director

DR WAN SOON BEE
Independent Director

MR SITOH YIH PIN
Independent Director

BOARD OF DIRECTORS

MR ONG PANG AIK BBM
Chairman & Managing Director

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

Appointed on 5 March 2003 as the Chairman of the Board, Mr Ong is responsible for the management, business development and overall strategic direction of the Group. With his clear vision, astute foresight and unwavering stewardship, Mr Ong has steered Lian Beng Group through several construction down cycles, each time emerging stronger while delivering sustained profitability.

Apart from his commitment to Lian Beng Group, Mr Ong participates actively in community work. He serves as a grassroots leader in the Marine Parade GRC – Braddell Heights CCMC and as Chairman of the Aljunied-Hougang 6-Miles Business Sub-committee. Mr Ong is also the Vice Chairman of the Aljunied-Hougang Citizens' Consultative Committee and a member of the PAP Community Foundation Braddell Heights Executive Committee. In addition, he serves as Vice-Chairman of Zhong Hwa Primary School Advisory Committee and is a patron of the Braddell Heights Constituency Sports Club.

In recognition of his contribution 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. He was also awarded the Ernst & Young Construction Entrepreneur of The Year (2008) in the same year for his exceptional entrepreneurial achievements and excellence in creating a successful, growing business venture.

MR SITOH YIH PIN
Independent Director

Mr Sitoh was appointed to the Board on 1 April 1999 and was last re-elected on 25 September 2008. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Certified Public Accountant and a director of Nexia TS Public Accounting Corporation. Currently, Mr Sitoh is the Advisor to Potong Pasir Grassroots Organisations and a Board Member of the Accounting and Corporate Regulatory Authority.

He is also presently a director of several publicly listed companies comprising Allied Technologies Limited, Chinasing Investment Holdings Limited, Meiban Group Ltd, Nera Telecommunications Ltd, PNE Micron Holdings Ltd and United Food Holdings Limited.

Mr Sitoh was also the director of several publicly listed companies in the preceding 5 years including Van Der Horst Energy Limited, Labroy Marine Pte Ltd and Middle East Development Singapore Ltd.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of the Institute of Chartered Accountants in Australia.

DR WAN SOON BEE
Independent Director

Dr Wan Soon Bee was appointed to the Board on 1 April 1999 and re-elected on 25 September 2009. He serves as Chairman of the Nominating and Audit Committees and is a member of the Board's Remuneration Committee. Dr Wan does not hold any shares in the Company or any of its subsidiaries.

Dr Wan is currently the Advisor of the Union of Telecoms Employees of Singapore and also the trustee of Singapore Maritime Officers' Union and several other unions. Dr Wan was a political secretary and a Minister of State in the Prime Minister's office and a Member of Parliament from 1980 to 2001. He was also the Vice President of the International Confederation of Free Trade Unions for the Asian Regional Organisation.

He is presently a director of Chemical Industries (Far East) Limited and Jade Technologies Holdings Ltd. He was also the director of FHTK Holdings Limited in the preceding 5 years.

Dr Wan holds a Dottore Ingegnere in Electronics Engineering from the University of Pisa, Italy.

MS ONG LAY HUAN
Executive Director

MS ONG LAY HUAN
Executive Director

Ms Ong Lay Huan joined the Group in 1991, and possesses some 19 years of experience in construction business.

As head of the Group's contracts department, 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 25 September 2008. She holds a Diploma in Quantity Surveying from Singapore Polytechnic and is a member of the Singapore Institute of Directors.

MS ONG LAY KOON
Executive Director

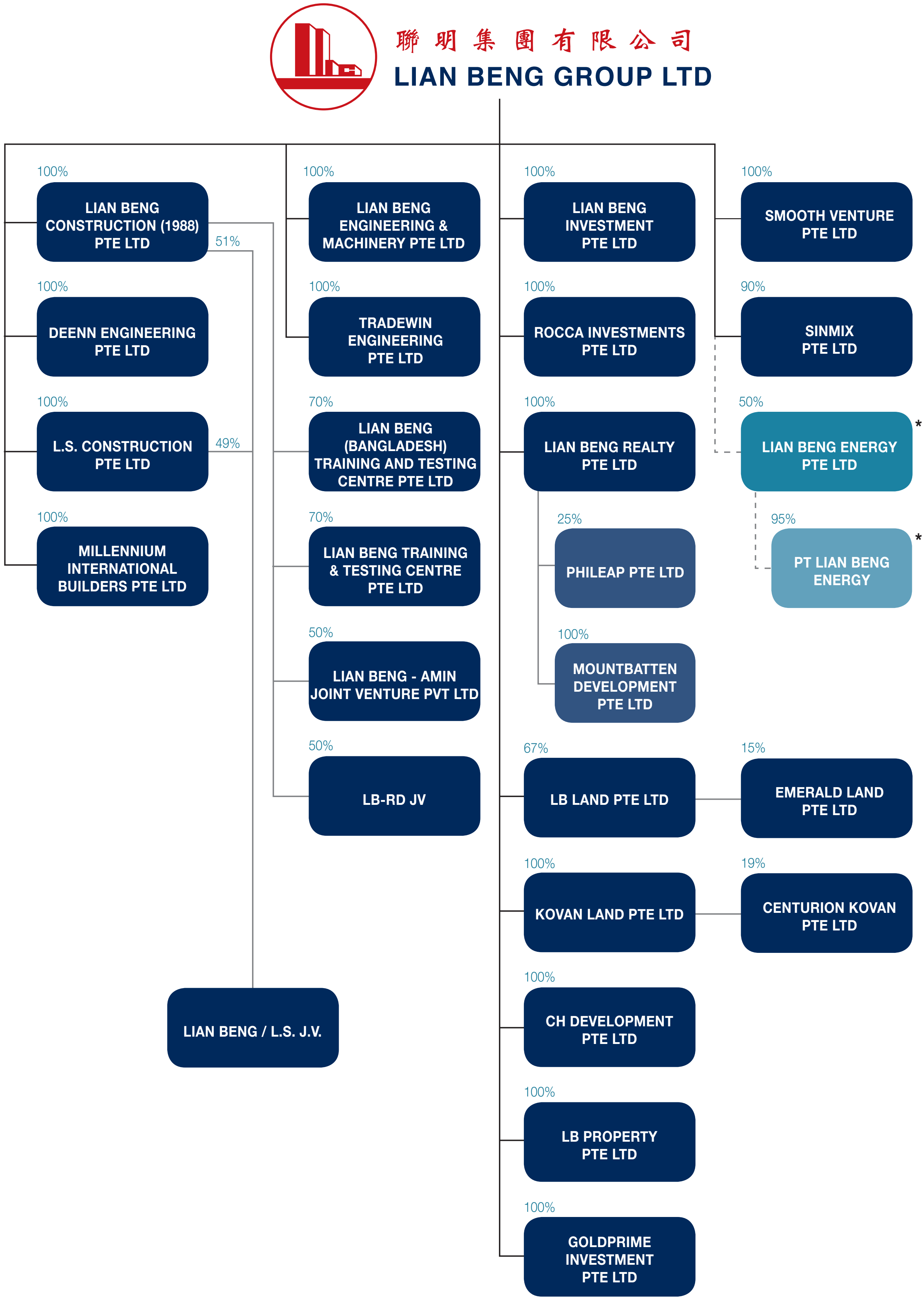
MS ONG LAY KOON
Executive Director

Ms Ong Lay Koon was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 25 September 2009. She currently serves as a member on the Nominating, Audit and Remuneration Committees.

Ms Ong Lay Koon joined the Group in 1992, and heads the Group's finance and human resource functions. In her present capacity, she is responsible for the organization and management of the Group's accounting, finance and corporate actions, as well as for all matters relating to human resource management within the Group. Together with her fellow executive directors and key executives, she is also involved in progress reviews and implementation of workflow initiatives for the purpose of improving and fine-tuning the Group's work processes in accordance to new market trends and changes.

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

GROUP STRUCTURE



* Please refer to notes 9,15 and 43 of the financial statements for more information

KEY EXECUTIVE OFFICERS

MR ONG PHANG HUI, Plant & Machinery Director of the Group, is responsible for overseeing the Group's engineering division, as well as to monitor the progress of materials utilisation by the Group's construction division. In addition, he is also responsible for overseeing the operations and management of the Group's ready-mix concrete business.

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
- Sinmix Pte Ltd
- Tradewin Engineering Pte Ltd

MR ONG PHANG HOO, Project Director of the Group, 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 Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng-Amin Joint Venture Private Limited, a jointly-controlled entity incorporated in the Republic of Maldives
- Lian Beng Training & Testing Centre Pte Ltd
- Lian Beng (Bangladesh) Training & Testing Centre Pte Ltd, a subsidiary incorporated in Bangladesh
- Tradewin Engineering Pte Ltd

MS ONG LEE YAP, Purchasing Director of the Group, manages the Group's purchasing division and oversees 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.

MR CHEW TEOW LEONG, Financial Controller of the Group since March 1999, is responsible for the financial accounting, financial management and internal control functions of the Group.

Prior to joining the Group, he had over 16 years experience in financial and management accounting, costs and budgetary control and financial management in the trading, construction and manufacturing business.

He is a Fellow member of the Chartered Association of Certified Accountants in the United Kingdom (ACCA) and a member of the Institute of Certified Public Accountants of Singapore (ICPAS). He has been awarded the Master of Business Administration degree by the University of Oxford Brookes.

MR THAN KING HUAT, Director of Deenn Engineering Pte Ltd ("Deenn"), forms 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 20 years of experience in the construction industry with significant experience in structural designing, construction re-engineering and project management in conventional and Design & Build projects. He joined Deenn in 1994 as a Project Manager and was later promoted to the post of Senior Project Manager in 1998. He was appointed the Director of Deenn in 2001.

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 JEFFREY TEO WEE JIN, Construction Director of the Group, forms 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 20 years of project management 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 company. 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 its green initiatives.

Mr. Teo first joined the Group in 1992 as a Project Manager. He later re-joined the Group as a Senior Project Manager in 1997 and was promoted to the post of Construction Manager in 2004. He was subsequently appointed the Director of Lian Beng Construction (1988) Pte Ltd ("LBC") in 2007. In addition to his directorship in LBC, Mr Teo was appointed the Managing Director of Lian Beng-Amin Joint venture Private Limited in 2006. He currently also serves as the manager of Lian Beng/L.S. J.V. and LB-RD JV.

MR HO CHEE SIONG, Senior Construction Manager of the Group's construction division, forms part of the management team that manages the construction division's building projects. He also oversees the division's workplace safety and health portfolio.

Armed with more than 20 years of construction and project management experience, he is actively involved in the management of various building contracts undertaken by the Group. With his skills and experience, he has been tasked to manage the Group's construction projects and its safety and health functions.

Mr. Ho joined the Group in 1997 as a Project Manager and progressively moved through the ranks to his current position in June 2008. He also serves as the Director of Millennium International Builders Pte Ltd.

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

MR DAVID GOH TECK ANN, Director of Sinmix Pte Ltd (Sinmix), joined the company in June 2007 and is in charge of the daily management of Sinmix's business operations.

His 25 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.

OPERATIONS REVIEW

CONSTRUCTION

For the financial year ended 31 May 2010, Lian Beng Group registered growth across all of its business segments. The construction division continued to be the largest revenue driver, contributing about 86.2% to Group turnover. Revenue from the division rose to $297.9 million from $297.0 million in FY09 while profit before tax increased 17.6% to $23.4 million, compared to $19.9 million in the previous financial year. The higher profitability was mainly due to an improvement in operational efficiencies.

New Contracts

In the course of FY2010, our Group was awarded a total of five building contracts worth about $530.7 million for the construction of private residential developments, namely:

- ***Centro Residences***, a 329-unit condominium development opposite Ang Mo Kio MRT station, which is expected to be completed around January 2013.
- ***The Gale***, a 329-unit freehold condominium development located on Flora Road, which is expected to be completed around November 2012.
- ***The Laurels***, a 229-unit premium condominium development situated at Cairnhill Road, which is expected to be completed around the first quarter of 2013.
- ***Waterfront Key***, a 437-unit condominium development at Bedok Reservoir, which is expected to be completed around the third quarter of 2012.

With the addition of three new projects secured at the beginning of the new financial year (FY11), including the construction of a condominium development at Spottiswoode Park Road and The Scala, our order book stands at S$970 million as at 1 August 2010.

Completed / Near-completed Projects

During the year, we successfully completed the following projects:

- ***Ferraria Park*** at Flora Drive
- ***Grand Duchess*** at St Patrick's Road
- ***Northwood Condominium*** at Jalan Mata Ayer
- ***Scorpio East Building*** at Tai Seng Avenue
- ***Sixth Avenue Residences*** at Sixth Avenue

Several projects, such as Park Natura at Bukit Batok, and camp facilities at Kranji are also near completion.


Grand Duchess


Northwood Condominium


Sixth Avenue Residences

OPERATIONS REVIEW


OLA Residences (Artist's Impression)


Lincoln Suites (Artist's Impression)


Kovan Residences (Construction-in-progress)

PROPERTY DEVELOPMENT

Our development business recorded a sharp growth to $28.7 million from $1.2 million, due mainly to the progressive revenue recognition from the sale of OLA Residences units.

Our portfolio of launched property projects includes OLA Residences, a wholly-owned project, 19%-owned Kovan Residences, and 25%-owned Lincoln Suites. The latter, which was launched during the year, has achieved more than 50% sales of total units. While for OLA Residences and Kovan Residences, more than 95% and about 80% have been sold respectively.

Lincoln Suites is a 175-unit freehold luxury condominium development located at the junction of Khiang Guan Avenue and Lincoln Road, and a stone's throw from Novena MRT Station. The development comprises 175 apartment units ranging from about 463 sq ft to 5,490 sq ft in size.

OLA Residences, a 50-unit, 5-storey condominium at Mountbatten, is just a stone's throw away from recreational spaces such as the East Coast Park, while Kovan Residences is conveniently located next to Kovan MRT and a range of retail shops and amenities. The Group has commenced construction work on both of these projects. The Group, with its joint venture partner, will also continue to monitor the market for an opportune time to launch its 10%-owned residential development at 111 Emerald Hill.

READY-MIX CONCRETE

Recognising the complementary role of ready-mix concrete business to its construction business, the Group has taken steps to expand this segment with the addition of a second batching plant as well as purchase of machinery and mixer trucks. Accordingly, this segment registered an 83% increase to $18.3 million from $10 million, contributing about 5% of total revenue. As the overall construction market appears to be healthy, the Group expects to continue to grow this business further to cater to the needs of the market.

ENGINEERING AND LEASING

Revenue from the Group's engineering and leasing division rose from $0.2 million to $0.9 million, in line with the increase in overall demand for the Group's construction and construction-related services. This division specializes in the leasing of construction machinery and equipment, provision of mechanical and electrical works, as well as engineering works such as scaffolding, gondolas and metal formworks. It is strategic to the Group as it provides in-house civil engineering expertise to support the activities of the Group's construction division.

Batching Plant at Pungol Timor

Engineering Works

Engineering Works

SIGNIFICANT EVENTS

Waterfront Key
(Artist's Impression)

August 2009

- The Group announced the award of a $101 million building contract by by FCL Peak Pte Ltd for the construction of ***Waterfront Key***

Lincoln Suites
(Artist's Impression)

October 2009

- Soft launch of the highly anticipated joint-development, ***Lincoln Suites.***

  Distinguished by its sleek silhouette, Lincoln Suites is a 30-storey, freehold, 175-unit luxury twin tower condominium development conveniently located along Khiang Guan Avenue, off Newton Road.

  To be developed on a land area of 59,986 sq ft, this luxury development will comprise 44 studio units, 124 one to four bedroom units, four duplexes and three penthouses, with sizes ranging from approximately 463 sq ft to 5,490 sq ft.

The Gale
(Artist's Impression)

- The Group announced the award of a $112.7 million building contract by Tripartite Developers Pte Ltd for the construction of ***The Gale***

Centro Residences
(Artist's Impression)

March 2010

- The Group announced the award of:
  - a $144 million contract by UOL Development (Dakota) Pte Ltd, to construct ***Waterbank @ Dakota***
  - a $78 million contract by Eunos Link Technology Park Ltd, to construct ***Centro Residences***

April 2010

- The Group announced the award of a $95 million contract by Sing Holdings (Cairnhill) Pte Ltd, to construct ***The Laurels***

- Received ***BCA Green Mark (New Buildings) 2010 Platinum Award*** for the Group's new corporate Head Office at 29 Harrison Road, Singapore.

  Launched in January 2005, BCA Green Mark provides a meaningful differentiation of buildings in the real estate market. It is a benchmarking scheme which incorporates internationally recognized best practices in environmental design and performance, with the intention to promote sustainability in the built environment and raise environmental awareness among developers, designers and builders when they start project conceptualisation and design, as well as during construction.

  The Platinum award is the highest of the 4 rating categories and is achievable with a Green Mark score of 90 and above.

- Joining the ranks of the other subsidaries in the Construction division, the Group received the ***BCA Green and Gracious Builder (Excellent) Award 2010*** for Millennium International Builders Pte Ltd.

  Based on good international practises and conceived in consultation with industry players, this award was developed to raise environmental consciousness and professionalism of builders. It recognises progressive builders who take the effort to address environmental and public concerns arising from construction works. Firms are assessed in the following areas, namely ***Green*** to encourgae environmentally friendly best practices, ***Gracious*** to encourage gracious best pratices which address the public needs and concerns and ***Innovation*** to recognise firms which have adopted innovative solutions or technologies to address environmental concerns, site challenges, productivity and/or minimise the concerns of the public. Bonus points could also be given to recognise outstanding achievements by the firms.

BCA GREEN MARK

GREEN AND GRACIOUS BUILDER Excellent

June 2010

- The Group announced the award of a $88.28 million building contract by UOL Development Pte Ltd, to construct a Condominium Development at Spottiswoode Park Road

August 2010

- The Group announced the award of a $119.5 million building contract by Circle Line Pte Ltd, to construct ***The Scala***

The Scala (Artist's Impression)

CORPORATE INFORMATION

Board Of Directors

Ong Pang Aik BBM
Chairman and Managing Director

Ong Lay Huan
Executive Director

Ong Lay Koon
Executive Director

Dr Wan Soon Bee
Independent Director

Sitoh Yih Pin
Independent Director

Company Secretaries

Wee Woon Hong
Lee Hock Heng

Registered Office

25 Playfair Road
Lian Beng Building
Singapore 367990
Tel: (65) 6283 1468
Fax: (65) 6280 9360
Email: lianbeng@singnet.com.sg
Website: www.lianbeng.com.sg

Nominating Committee

Dr Wan Soon Bee *(Chairman)*
Sitoh Yih Pin
Ong Lay Koon

Remuneration Committee

Sitoh Yih Pin *(Chairman)*
Dr Wan Soon Bee
Ong Lay Koon

Audit Committee

Dr Wan Soon Bee *(Chairman)*
Sitoh Yih Pin
Ong Lay Koon

Registrar And Share Transfer Office

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Auditors

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

Partner-In-Charge:
Lim Tze Yuen
(Appointed Since Financial Year Ended 31 May 2008)

Solicitors

Wee Woon Hong & Associates 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

Boardroom Communications Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6532 1633

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance (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 (the "Group"). The Board's role is to:

1. Provide entrepreneurial leadership, set strategic aims, 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 risk to be assessed and managed;
3. Review the management performance; and
4. Set the group's values and standards, and ensure that obligations to shareholders and others are understood and met.

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 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.

CORPORATE GOVERNANCE

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
Dr Wan Soon Bee	4	4	1	1	1	1	4	4
Sitoh Yih Pin	4	4	1	1	1	1	4	4

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 and Summary Financial Statements, 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.

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. Ong Pang Aik
2. Ong Lay Koon
3. Ong Lay Huan

Independent & Non-Executive Directors

1. Dr Wan Soon Bee
2. Sitoh Yih Pin

No individual or small group of individuals is allowed to dominate the Board's decision making. 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 NC is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, financing, legal, business and general corporate matters.

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.

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 accurate, timely and clear 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 between executive directors and non-executive directors; and
g. 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.

BOARD MEMBERSHIP
Principle 4: Formal and Transparent Process for Appointment of New Directors

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

1. Dr Wan Soon Bee, Chairman
2. Sitoh Yih Pin
3. Ong Lay Koon

The NC met once during the financial year under review.

The Chairman, Dr Wan Soon Bee, and Mr Sitoh Yih Pin 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; and
f. Deciding how the Board's performance may be evaluated and proposing objective performance criteria.

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 key attributes that an incoming director should have, based on a matrix of attributes of the existing board and the requirements of the Group. After endorsement of the key attributes by the Board, the NC taps on the directors' personal contacts and recommendations of potential candidates, and goes through a short listing process. Executive recruitment agencies are appointed to assist in the search process when necessary. Interviews are set up with the potential candidates for members of the NC to assess them, before a decision is reached.

The key information on the directors is set out in the Board of Directors write-up on page 8 to 10 of this report.

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

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of each individual director.

In evaluating the Board's 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.

The Chairman, in consultation with the NC, will then act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors.

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

The Management provides all directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis. All directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are 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 specialized 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 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 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.

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 comprises three directors, two of whom are independent and non-executive directors:

1. Sitoh Yih Pin, Chairman
2. Dr Wan Soon Bee
3. 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.

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 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.

The Company does not have any employee share option scheme.

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

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 May 2010 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total
Above $1,251,000	Ong Pang Aik	25	65	1	9	100%
$1,000,001 - $1,250,000	Ong Lay Huan	30	63	4	3	100%
$750,001 - $1,000,000	Ong Lay Koon	31	60	5	4	100%
≤ $250,000	Dr Wan Soon Bee	-	-	-	100	100%
≤ $250,000	Sitoh Yih Pin	-	-	-	100	100%

A breakdown, showing the level and mix of the top eight key executives' remuneration payable for the financial year ended 31 May 2010 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees (%)	Total
$300,001 - $450,000	Ong Lee Yap	63	22	5	10	100%
$150,001 - $300,000	Ong Phang Hoo	62	22	5	11	100%
$150,001 - $300,000	Ong Phang Hui	62	21	6	11	100%
$150,001 - $300,000	Than King Huat	58	21	21	-	100%
$150,001 - $300,000	Teo Wee Jin	67	22	4	7	100%
$150,001 - $300,000	David Goh Teck Ann	71	16	13	-	100%
$150,001 - $300,000	Ho Chee Siong	72	23	5	-	100%
≤ $150,000	Chew Teow Leong	84	16	-	-	100%

For the financial year ended 31 May 2010, the total remuneration paid to the directors of the Company was S$3,935,498 and the total remuneration paid to the key executives was S$1,841,821.

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 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.

AUDIT COMMITTEE

Principle 11: Establishment of Audit Committee with Written Terms of Reference

The AC comprises of three directors, two of whom are independent and non-executive directors:

1. Dr Wan Soon Bee, Chairman
2. Sitoh Yih Pin
3. Ong Lay Koon

The Board is of the view that the AC, chaired by Dr Wan Soon Bee has sufficient financial management expertise and experience to discharge the AC's functions. Mr Sitoh Yih Pin is by profession a Certified Public Accountant and Ms Ong Lay Koon has more than 11 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 Audit Committee 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 with full attendance from all members. 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 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;
c. 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;
d. Review the adequacy of the Company's internal controls; and
e. Make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

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 the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company.

The AC has also conducted reviews of interested person transactions and 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.

INTERNAL CONTROLS

Principle 12: Maintenance of Sound System of Internal Controls

The Audit Committee acknowledges that the Group's system of internal and operational controls has a key role in the identification and management of risks that is significant to the achievement of its business objectives. The Company reviews the effectiveness of its internal and operational controls and its risk management.

These internal and operational controls are designed to provide a reasonable assurance as to the effectiveness and efficiency of its operations, integrity and reliability of the financial information, and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and evaluate potential financial effects.

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 legislation, regulation and best practice, 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, Store Forest Consulting Pte Ltd. The internal auditors report its finding directly to the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: 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.

Principle 15: 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 Chairmen of the AC, RC and NC are usually available at the 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 one or 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.

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.

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.

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.

The AC reviewed the following significant transactions entered into by the Company with its interested persons for the financial year ended 31 May 2010 in accordance with its existing procedures:-

Name of Interest Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Associated KHL Industries Pte Ltd - Lease rental	$218,100.00	NA
Mr Ong Phang Hoo and Madam Ng Siew Yan Delicia - Sales of condominium at OLA Residences	$1,600,000.00	NA

CORPORATE GOVERNANCE

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 the financial year 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 2010.

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)
Dr Wan Soon Bee	(Independent Director)
Sitoh Yih Pin	(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	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Ordinary shares				
Ong Pang Aik	17,100,800	17,100,800	133,782,400	133,782,400
Ong Lay Huan	11,275,200	11,275,200	–	–
Ong Lay Koon	7,275,200	7,275,200	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 June 2010.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr. Ong Pang Aik is 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.

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 at the end of 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 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 the adequacy of the Company's internal controls; and
- Make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

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 would not affect the independence of the external auditors. The AC has also conducted reviews of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. 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.

DIRECTORS' REPORT

Auditors

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

On behalf of the board of directors,

Ong Pang Aik
Director

Ong Lay Huan
Director

Singapore
27 August 2010

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 state of affairs of the Group and of the Company as at 31 May 2010 and the results of the business 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
27 August 2010

INDEPENDENT AUDITORS' REPORT

To the Members of Lian Beng Group Ltd
For the financial year ended 31 May 2010

We have audited the accompanying financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 38 to 107, which comprise the statement of financial position of the Group and the Company as at 31 May 2010, 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 notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 and fair presentation of the financial statements 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 AUDITORS' REPORT

To the Members of Lian Beng Group Ltd
For the financial year ended 31 May 2010

Opinion

In our opinion,

(i) 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 state of affairs of the Group and of the Company as at 31 May 2010 and the results 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

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Notes 9, 15 and 43 to the financial statements. Included in the Group's statement of financial position as at 31 May 2010 are investment in a jointly-controlled entity reclassified as "asset held for sale" and which has been fully impaired in prior year and an amount due from an ex-jointly-controlled partner of $9,400,000. As disclosed in these notes, the Company has taken legal action against the ex-jointly-controlled partner for breach of the terms of the sale and purchase agreement pertaining to the disposal of the Group's interest in the jointly-controlled entity. The classification of the investment in the jointly-controlled entity and the recoverability of the amount due from an ex-jointly-controlled partner are dependent on the outcome of the legal action. As at the date of this report, the legal action is currently pending and the financial statements do not include any adjustment or provision that may result pending the outcome of the legal action.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

27 August 2010

STATEMENTS OF FINANCIAL POSITION

as at 31 May 2010

		Group		Company	
	Note	**2010**	**2009**	**2010**	**2009**
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	41,930	32,524	–	–
Investment properties	5	14,071	11,959	–	–
Intangible assets	6	129	129	–	–
Investments in subsidiaries	7	–	–	28,688	28,688
Other receivables	15	–	2,494	–	–
Investment securities	10	11,292	8,644	–	–
		67,422	55,750	28,688	28,688
Current assets					
Construction work-in-progress in excess of progress billings	11	20,783	29,522	–	–
Development properties	12	90,264	107,558	–	–
Properties held for sale	12	6,154	5,840	–	–
Inventories	13	4,954	2,083	–	–
Trade receivables	14	104,402	87,204	–	–
Other receivables and deposits	15	37,453	29,391	9,443	9,517
Prepayments		1,439	1,042	8	3
Receivables from related parties	16	1	10	70,232	60,957
Amounts due from jointly-controlled entities	8	36	2,182	–	–
Asset held for sale	9	–	–	–	–
Investment securities	10	13	10	–	–
Cash and cash equivalents	17	70,757	38,023	177	1,163
		336,256	302,865	79,860	71,640
Current liabilities					
Progress billings in excess of construction work-in-progress	11	75,175	38,838	–	–
Trade payables and accruals	19	77,800	63,306	401	440
Other payables and deposits	20	1,100	5,140	52	38
Amounts due to related parties	21	4,855	3,942	20,580	13,103
Bank overdrafts	22	–	10,364	–	–
Bank loans	22	28,430	15,098	–	1,048
Bills payable	22	4,196	885	–	–
Obligations under hire purchase	23	2,829	2,132	–	–
Provision for taxation		4,484	4,067	–	–
		198,869	143,772	21,033	14,629
Net current assets		137,387	159,093	58,827	57,011
Non-current liabilities					
Bank loans	22	53,188	87,102	–	–
Obligations under hire purchase	23	6,080	4,290	–	–
Deferred tax liabilities	24	1,517	706	–	–
		60,785	92,098	–	–
Net assets		144,024	122,745	87,515	85,699
Equity attributable to equity holders of the Company					
Share capital	25	82,275	82,275	82,275	82,275
Reserves		61,185	40,094	5,240	3,424
		143,460	122,369	87,515	85,699
Minority interests		564	376	–	–
Total equity		144,024	122,745	87,515	85,699

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

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 May 2010

		Group		Company	
	Note	**2010**	**2009**	**2010**	**2009**
		$'000	$'000	$'000	$'000
Revenue	27	345,705	308,373	6,000	4,000
Cost of sales		(300,401)	(271,312)	–	–
Gross profit		45,304	37,061	6,000	4,000
Other operating income	28	3,819	3,399	41	266
Distribution expenses		(1,787)	(1,322)	(5)	(38)
Administrative expenses		(11,758)	(10,323)	(957)	(863)
Other operating expenses	28	(5,473)	(6,159)	(514)	(295)
Finance costs	30	(1,115)	(1,825)	(17)	(48)
Profit before tax	28	28,990	20,831	4,548	3,022
Taxation	31	(4,766)	(3,600)	447	(19)
Profit for the year, net of tax		24,224	17,231	4,995	3,003
Other comprehensive income:					
Net gain/(loss) on available-for-sale financial assets		144	(106)	–	–
Foreign currency translation		90	(60)	–	–
Other comprehensive income/(loss) for the year, net of tax		234	(166)	–	–
Total comprehensive income for the year		24,458	17,065	4,995	3,003
Profit attributable to:					
Owners of the parent		24,036	17,012	4,995	3,003
Minority interests		188	219	–	–
		24,224	17,231	4,995	3,003
Total comprehensive income attributable to:					
Owners of the parent		24,270	16,846	4,995	3,003
Minority interests		188	219	–	–
		24,458	17,065	4,995	3,003
Earnings per share (Cents)					
Basic and diluted	32	4.54	3.21		

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 May 2010

	Attributable to equity holders of the Company					
	Share capital (Note 25)	**Accumulated profits**	**Other reserves (Note 26)**	**Total reserves**	**Minority interests**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000
2010						
Group						
Balance at 1 June 2009	82,275	40,062	32	40,094	376	122,745
Total comprehensive income for the year	–	24,036	234	24,270	188	24,458
Dividends on ordinary shares (Note 42)	–	(3,179)	–	(3,179)	–	(3,179)
Balance at 31 May 2010	82,275	60,919	266	61,185	564	144,024
2009						
Group						
Balance at 1 June 2008	82,275	25,550	198	25,748	157	108,180
Total comprehensive income/(loss) for the year	–	17,012	(166)	16,846	219	17,065
Dividends on ordinary shares (Note 42)	–	(2,500)	–	(2,500)	–	(2,500)
Balance at 31 May 2009	82,275	40,062	32	40,094	376	122,745

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 May 2010

	Attributable to equity holders of the Company		
	Share capital (Note 25) $'000	**Accumulated profits** $'000	**Total equity** $'000
2010			
Company			
Balance at 1 June 2009	82,275	3,424	85,699
Total comprehensive income for the year	–	4,995	4,995
Dividends on ordinary shares (Note 42)	–	(3,179)	(3,179)
Balance at 31 May 2010	82,275	5,240	87,515
2009			
Company			
Balance at 1 June 2008	82,275	2,921	85,196
Total comprehensive income for the year	–	3,003	3,003
Dividends on ordinary shares (Note 42)	–	(2,500)	(2,500)
Balance at 31 May 2009	82,275	3,424	85,699

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Profit before tax	28,990	20,831
Adjustments for:		
Depreciation of property, plant and equipment	4,377	3,411
Depreciation of investment properties	118	134
Dividend income from investment securities	(8)	(12)
Gain on disposal of plant and equipment	(231)	(80)
Impairment loss on value of property held as fixed asset	1,421	–
Net fair value (gain)/loss on investment securities	(3)	2
(Write-back)/allowance for foreseeable loss on property held for sale	(314)	314
Gain on disposal of investment properties	(174)	–
Reversal of share of loss in jointly-controlled entity	(548)	(960)
Write back of impairment loss on other receivable	–	(223)
Interest income	(382)	(364)
Interest expense	1,115	1,825
Exchange translation difference	93	(90)
Allowance for impairment on doubtful receivables	1,207	3,461
Intangible asset written off	–	18
Write off of plant and equipment	7	–
Forgiveness of loan from minority shareholder of subsidiary	(25)	–
Bad debt written off	88	–
Operating cash flows before changes in working capital	35,731	28,267
Changes in working capital:		
Development properties	19,253	2,730
Interest paid, capitalised in development properties	(1,959)	(2,207)
Construction work-in-progress	45,075	45,101
Inventories	(2,871)	(1,362)
Trade receivables	(17,795)	(31,755)
Other receivables and deposits	(8,077)	1,722
Prepayments	(397)	354
Trade payables, other payables, accruals and bills payable	14,312	17,968
Balances with related parties	1,960	845
Cash flows generated from operations	85,232	61,663
Income tax paid	(4,024)	(3,331)
Income tax recovered	563	247
Net cash flows generated from operating activities	81,771	58,579
Cash flows from investing activities		
Interest received	38	55
Dividend income from investment securities	8	12
Purchase of property, plant and equipment (Note A)	(10,061)	(9,874)
Proceeds from disposal of property, plant and equipment	485	213
Purchase of investment properties	(3,320)	(3,214)
Additional investments in investment securities	(2,504)	(7,845)
Amount due from long term other receivable	2,494	5,661
Proceeds from disposal of investment properties	1,264	–
Net cash flows used in investing activities	(11,596)	(14,992)

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2010

	2010 $'000	2009 $'000
Cash flows from financing activities		
Interest paid	(1,115)	(1,826)
Repayment of hire purchase creditors	(2,917)	(1,909)
Proceeds from bank loans	4,955	13,900
Repayment of bank loans	(25,537)	(11,697)
Release of fixed deposits pledged to bank	2,714	190
Loan from minority shareholder of a subsidiary company	716	764
Dividend paid on ordinary shares	(3,179)	(2,500)
Net cash flows used in financing activities	(24,363)	(3,078)
Net increase in cash and cash equivalents	45,812	40,509
Cash and cash equivalents at beginning of the year	24,945	(15,564)
Cash and cash equivalents at end of the year (Note 17)	70,757	24,945

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $15,465,000 (2009: $12,265,000) of which $5,404,000 (2009: $2,391,000) were acquired by means of hire purchase arrangements. Cash payments of $10,061,000 (2009: $9,874,000) were made to purchase property, plant and equipment.

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

1. Corporate information

Lian Beng Group Ltd (the “Company”) is a limited liability company 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 25 Playfair Road, Lian Beng Building, Singapore 367990.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and jointly-controlled entities are disclosed in 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 $), and all values are rounded to the nearest thousand ($’000) as indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 June 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 June 2009.

- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

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

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

The principal effects of these changes are as follows:

FRS 1 *Presentation of Financial Statements* – Revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 37 and Note 39 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. As a result of the adoption, the Group had identified additional reporting segments. Additional disclosures about each of the segments are shown in Note 41, including revised comparative information.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 *Presentation of Financial Statements*: Assets and liabilities classified as held for trading in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.

- FRS 16 *Property, Plant and Equipment*: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

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

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

- FRS 23 *Borrowing Costs*: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

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 18 *Revenue*	23 June 2009
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement* – Embedded Derivatives	30 June 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 *Transfers of Assets from Customers*	1 July 2009
FRS 102 Share-based Payments - Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendments to FRS 32 – Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 102 Group Cash settled Share-based Payment Transaction	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010

The management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except for the following:

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

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

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 expand the definition of a related party and would treat two entities as related to each other whenever a person (or a member of that person's family) or a third party entity has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact of the expanded definition on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the date of statements of financial position. 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 are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the statement of comprehensive income on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

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

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.

2.5 ***Transactions with minority interests***

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 ***Foreign currency***

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

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 closing rate of exchange ruling at the date of statement of financial position. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of statement of financial position are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the date of statement of financial position and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Freehold properties	–	50 years
Leasehold properties	–	22 years
Plant and machinery	–	3 – 10 years
Furniture, fittings and office equipment	–	3 – 5 years
Motor vehicles and cabin cruiser	–	3 – 5 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 values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.8 *Investment properties*

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties held for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purpose.

Investment property is initially recorded at cost. Subsequent to recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives as follows:

Freehold properties	–	50 years
Leasehold properties	–	50 – 96 years

Assets under construction included in investment properties are not depreciated as these assets are not yet available for use.

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

2.8 ***Investment properties (cont'd)***

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

2.9 ***Intangible asset***

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

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

2.9 ***Intangible asset (cont'd)***

(b) *Other intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

(i) *Club membership*

Club membership is carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.10 ***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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

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

2.12 ***Jointly-controlled entities***

A jointly-controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in jointly-controlled entity using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the jointly-controlled entity with the similar items, line by line, in its consolidated financial statements. The jointly-controlled entity is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the jointly-controlled entity.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the jointly-controlled entity are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

2.13 ***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.

2.14 ***Financial assets***

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 directly in equity is recognised in the statement of comprehensive income.

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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 the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

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

(b) *Loans and receivables*

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. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are 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 the statement of comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is recognised from equity to statement of comprehensive income as a reclassification adjustment when the financial asset is derecognised.

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

2.15 ***Impairment of financial assets***

The Group assesses at each date of statement of financial position whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) *Assets carried at amortised cost*

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. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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 statement of comprehensive income.

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

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

(b) *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*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment loss in respect of equity instruments are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.16 ***Cash and cash equivalents***

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

2.17 ***Construction contracts***

Revenue from construction contracts is recognised based on the percentage of completion method, measured by reference to the value of the work performed to the total contract value. When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised as income and expense respectively by reference to the value of work performed relative to the contract value. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction work-in-progress at the date of statement of financial position is recorded in the statement of financial position at cost plus attributable profit less recognised losses, net of progress claims, and is presented in the statement of financial position as "construction work-in-progress in excess of progress billings" (as an asset) or "progress billings in excess of construction work-in-progress" (as a liability), as applicable. Construction costs include cost of direct materials, direct labour and costs incurred in connection with the construction.

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

2.17 *Construction contracts (cont'd)*

Progress claims not yet paid by the customer are included in the statement of financial position under "trade receivables". Amounts received before the related work is performed are included in the statement of financial position, as a liability, as "advances on construction work".

2.18 *Development properties/properties held for sale*

Development properties/properties held for sale are held with the intention of sale in the ordinary course of business. These include completed properties and properties in the course of development and are classified as current assets.

Development properties/properties held for sale are stated at the lower of cost plus, where appropriate, a portion of attributable profit less allowance for foreseeable losses, progress billings and estimated net realisable value. Land, related acquisition expenses, development expenditure, interest and other related expenditure are capitalised as part of the cost of development properties. Interest will cease to be capitalised upon issuance of the temporary occupation permit.

2.19 *Inventories*

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

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

Allowance is made for deteriorated, damaged, obsolete and slow moving inventories.

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.

2.20 *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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each date of statement of financial position 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 *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

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

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

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.22 ***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.

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 the statement of comprehensive income 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 the statement of comprehensive income.

2.23 ***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.

2.24 ***Employee benefits***

(a) *Defined contribution plan*

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the date of statement of financial position.

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

2.25 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(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 statement of comprehensive income. 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 statement of comprehensive income 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 2.27(i).

2.26 Discontinued operation

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single co-ordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the statement of comprehensive income.

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

2.27 *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. Revenue is measured at the fair value of consideration received or receivable.

(a) *Construction contracts*

The accounting policy for recognition of contract revenue is set out in Note 2.17.

(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, rental and maintenance of construction machinery and equipment*

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

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

Revenue from the sale of development properties/properties held for sale is recognised using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalized sales agreements and to the extent that such profits relate to the progress of the construction of development properties. Foreseeable losses are provided for when the likelihood is anticipated.

(e) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and reward of ownership of the goods to the customer which generally coincides with their delivery and acceptance.

(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 on investment property is 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.

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

2.28 *Income tax*

(a) *Current tax*

Current 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 substantially enacted by the date of statement of financial position.

Current taxes are recognised in the statement of comprehensive income except to the extent that the tax relates to items recognised outside the statement of comprehensive income, either in other comprehensive income or directly in equity.

(b) *Deferred tax*

Deferred income tax is provided, using the liability method on temporary differences at the date of statement of financial position 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 income tax assets are recognised for all deductible temporary differences, 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.

The carrying amount of deferred tax asset is reviewed at each date of statement of financial position 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 each date of statement of financial position and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

2.28 ***Income tax (cont'd)***

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

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 date of statement of financial position.

Deferred income 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.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.29 ***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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.31 ***Contingencies***

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

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 at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) <u>Income taxes</u>

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payable and deferred tax liabilities at 31 May 2010 were $4,484,000 (2009: $4,067,000) and $1,517,000 (2009: $706,000) respectively.

(ii) <u>Operating lease commitments – as lessor</u>

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

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

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

(iii) Impairment of available-for-sale investments

The Group reviews its investment securities classified as available-for-sale investments at each date of statement of financial position 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 2010, the amount of impairment loss recognised for available-for-sale financial assets was $Nil (2009: $Nil).

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment/investment properties

Property, plant and equipment/investment properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment/investment properties to be within 3 to 96 years. The carrying amount of the Group's property, plant and equipment and investment properties at 31 May 2010 were $41,930,000 (2009: $32,524,000) and $14,071,000 (2009: $11,959,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment/ investment properties, therefore future depreciation charges could be revised.

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 6 of the financial statements.

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

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

(iii) Impairment of loans and receivables

The Group assesses at each date of statement of financial position whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 receivable at the date of statement of financial position is disclosed in Note 38 to the financial statements.

(iv) Construction contracts and revenue recognition

Significant assumptions are required to estimate the stage of completion. The estimates are made based on past experience and knowledge of the project specialists. The Group recognises contract revenue by reference to the stage of completion of the contract activity at the date of statement of financial position, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the value of work performed relative to the contract sum.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and/or the work of the project specialists.

The carrying amounts of assets and liabilities arising from construction contracts at the date of statement of financial position are disclosed in Note 11 to the financial statements.

(v) Development properties

Significant assumptions are required to estimate the stage of completion. The estimates are made based on past experience and knowledge of the project specialists. The Group recognises property development revenue by reference to the stage of completion of the property development project at the date of statement of financial position, when the outcome of a property development project can be estimated reliably. The stage of completion is based on the value of construction work certified by architects over the total contract value of construction of the development property. The carrying amount of asset arising from property development projects at the date of statement of financial position is disclosed in Note 12 to the financial statements.

4. Property, plant and equipment

Group	Freehold land $'000	Freehold property under construction $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles and cabin cruiser $'000	Worker dormitory under construction $'000	Total $'000
Cost									
At 1 June 2008	6,860	–	2,333	2,948	32,915	3,801	3,375	–	52,232
Additions	6,185	903	2	–	4,435	381	359	–	12,265
Disposals	–	–	–	–	(473)	(56)	(29)	–	(558)
Exchange difference	–	–	–	–	64	1	6	–	71
At 1 June 2009	13,045	903	2,335	2,948	36,941	4,127	3,711	–	64,010
Additions	–	3,104	160	–	11,548	155	419	79	15,465
Disposals	–	–	–	–	(695)	(1)	(504)	–	(1,200)
Exchange difference	–	–	–	–	(19)	–	(2)	–	(21)
Written off	–	–	–	–	(53)	(10)	–	–	(63)
At 31 May 2010	13,045	4,007	2,495	2,948	47,722	4,271	3,624	79	78,191
Accumulated depreciation and impairment									
At 1 June 2008	–	–	367	1,072	21,878	3,320	1,816	–	28,453
Depreciation charge for the year	–	–	51	134	2,482	244	506	–	3,417
Disposals	–	–	–	–	(344)	(52)	(29)	–	(425)
Exchange difference	–	–	–	–	36	1	4	–	41
At 1 June 2009	–	–	418	1,206	24,052	3,513	2,297	–	31,486
Depreciation charge for the year	–	–	16	134	3,427	267	531	–	4,375
Disposals	–	–	–	–	(538)	(1)	(407)	–	(946)
Exchange difference	–	–	–	–	(17)	–	(2)	–	(19)
Impairment loss	1,421	–	–	–	–	–	–	–	1,421
Written off	–	–	–	–	(46)	(10)	–	–	(56)
At 31 May 2010	1,421	–	434	1,340	26,878	3,769	2,419	–	36,261
Net carrying amount									
At 31 May 2010	11,624	4,007	2,061	1,608	20,844	502	1,205	79	41,930
At 31 May 2009	13,045	903	1,917	1,742	12,889	614	1,414	–	32,524

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

The depreciation charged to the statement of comprehensive income for the year is derived as follows:

	Group	
	2010	**2009**
	$'000	$'000
Depreciation for the year	4,375	3,417
Depreciation included in construction work-in-progress	(1,034)	(1,098)
Depreciation previously included in construction work-in-progress now charged to the statement of comprehensive income	1,036	1,092
Depreciation charged to the statement of comprehensive income (Note 28)	4,377	3,411

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

Freehold properties mortgaged to banks for credit facilities granted to subsidiaries	17,692	15,865
Plant, machinery and motor vehicles acquired under hire purchase arrangements	13,604	9,262

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 terrace flatted factory at 25, Playfair Road, Singapore	Freehold	675	1,659	100
An industrial flatted factory at Senoko Drive, Singapore	22 years (effective from 1 October 2001)	10,143	3,473	100
A 10-storey multi-user light industrial factory at 29 Harrison Road, Singapore	Freehold	1,007	2,519	100

Capitalisation of borrowing costs

The Group's property under construction includes borrowing costs arising from bank loan borrowed specifically for the purpose of the construction of an office building. During the financial year, the borrowing costs capitalised as cost of freehold property under construction amounted to $124,000 (2009: $9,000).

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its property held as fixed asset. An impairment loss of $1,421,000 (2009: $Nil), representing the write-down of the freehold land to the recoverable amount was recognised in "Other operating expenses" (Note 28) line item of the statement of comprehensive income for the financial year ended 31 May 2010. The recoverable amount is based on the valuations performed by accredited independent valuers.

5. **Investment properties**

	Freehold properties $'000	Freehold property under construction $'000	Leasehold properties $'000	Leasehold property under construction $'000	Total $'000
Group					
Statement of Financial Position:					
Cost					
At 1 June 2008	819	–	9,539	–	10,358
Additions	–	2,410	–	804	3,214
At 1 June 2009	819	2,410	9,539	804	13,572
Additions	–	2,987	–	333	3,320
Disposals	(819)	–	(489)	–	(1,308)
At 31 May 2010	–	5,397	9,050	1,137	15,584
Accumulated depreciation and impairment					
At 1 June 2008	115	–	1,364	–	1,479
Depreciation for the year	16	–	118	–	134
At 1 June 2009	131	–	1,482	–	1,613
Depreciation for the year	4	–	114	–	118
Disposals	(135)	–	(83)	–	(218)
At 31 May 2010	–	–	1,513	–	1,513
Net carrying amount					
At 31 May 2010	–	5,397	7,537	1,137	14,071
At 31 May 2009	688	2,410	8,057	804	11,959

Statement of Comprehensive Income:

	Group 2010 $'000	Group 2009 $'000
Rental income from investment properties:		
- Minimum lease payments	46	189
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	8	100
- Non-rental generating properties	64	–
	72	100

5. Investment properties (cont'd)

The freehold properties, leasehold properties and leasehold property under construction with carrying value of $Nil (2009: $688,000), $6,917,000 (2009: $8,057,000) and $1,075,000 (2009: $Nil) respectively are mortgaged to banks for credit facilities granted to subsidiaries.

The fair value of the investment properties excluding investment properties under construction at 31 May 2010 is approximating $9,810,000 (2009: $10,200,000).

<u>Capitalisation of borrowing costs</u>

The Group's leasehold property under construction includes borrowing costs arising from bank loan borrowed specifically for the purpose of the construction of the property. During the financial year, the borrowing costs capitalised as cost of leasehold property under construction amounted to $3,000 (2009: $Nil).

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

Description and location	Tenure	Existing Use	Gross Floor Area (square metre)	Interest held by the Group %
A residential condominium unit, #08-15 at Simei Street 3, Eastpoint Green, Singapore	99 years (effective from 24 April 1996)	Residential	110	100
An office unit, #12-03 at 190 Middle Road, Fortune Centre, Singapore	99 years (effective from 18 October 1980)	Offices	50	100
An office unit, #17-01 at 7 Temasek Boulevard, Suntec City, Tower One, Singapore	99 years (effective from 1 March 1989)	Offices	430	100

5. Investment properties (cont'd)

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

Description and location	Tenure	Existing Use	Gross Floor Area (square metre)	Interest held by the Group %
65 Cairnhill Road #06-01, The Ritz-Carlton Residences, Singapore	Freehold	Residential	263	100
1 Kovan Road #18-01, Kovan Residences, Singapore	Leasehold	Residential	283	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

Investment properties are properties held either to earn rental income or capital appreciation or both. These do not include properties held for sale in the ordinary course of business with the exception of the four investment properties, The Ritz-Carlton Residences, Kovan Residences, The Laurels and Dakota Crescent, which were acquired with the intention of resale in future. As at year end, management is not actively marketing the sale of these properties and thus these properties are not classified as held for sale.

6. Intangible assets

(a) *Goodwill on consolidation*

	Group 2010 $'000	Group 2009 $'000
Goodwill arising from consolidation:		
At 1 June	129	129
Additions	–	–
At 31 May	129	129

6. Intangible assets (cont'd)

Impairment test of goodwill

Goodwill acquired through business combinations was related to the property development segment, which is an individual cash-generating unit.

The recoverable amount is determined based on the value in use calculation using cash flow projections based on financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to the cash flow projections is 5%.

The following describes the key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Budgeted gross margins – Gross margins are based on budgeted margins expected to be achieved from the development property project approved by the management.
- Pre-tax discount rates - Discount rates reflect management's estimate of the specific risk relating to the property development segment.

(b) *Club membership*

	Group	
	2010	**2009**
	$'000	$'000
At cost	–	36
Less: Accumulated amortisation and impairment loss	–	(18)
	–	18
Written-off	–	(18)
	–	–
Total	129	129

7. Investments in subsidiaries

	Company	
	2010	**2009**
	$'000	$'000
Shares, at cost	28,688	28,688

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7. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2010	2009	2010	2009
			%	%	$'000	$'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	100	1,179	1,179
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
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

7. Investments in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			2010	2009	2010	2009
			%	%	$'000	$'000
Held by the Company (cont'd)						
Sinmix Pte Ltd **	Manufacture and supply of concrete	Singapore	90	90	450	450
CH Development Pte Ltd **	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 **	Investment holding	Singapore	67	67	# –	# –
Millennium International Builders Pte Ltd**	General building construction and civil engineering works	Singapore	100	100	600	600
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	–	–
					28,688	28,688

* Audited by Dewan Nazrul Islam & Co
** Audited by Ernst & Young LLP, Singapore
*** Not required to be audited as the Company is dormant
# Denotes less than $1,000

8. Investments in jointly-controlled entities

(a) *Investments in jointly-controlled entities*

Details of the investments in jointly-controlled entities held by subsidiaries are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	2010 %	2009 %
Lian Beng – Amin Joint Venture Private Limited *	General building construction and civil engineering works	Republic of Maldives	50	50
Phileap Pte Ltd **	Property developer	Singapore	25	25
LB-RD JV **	General building construction and civil engineering works	Singapore	50	50
Lian Beng – Ri Dong JV Pte Ltd ***	Dormant	Singapore	–	50

* Audited by an associated firm of Ernst & Young LLP, Singapore
** Audited by Ernst & Young LLP, Singapore
*** Strike-off during the financial year

(b) *Amounts due from jointly-controlled entities*

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade	2,903	4,634	–	–
Less: Impairment loss	(2,867)	(2,452)	–	–
	36	2,182	–	–
Non-trade	3	3	6	6
Less: Impairment loss	(3)	(3)	(6)	(6)
	36	2,182	–	–

The amounts due from jointly-controlled entities are unsecured, interest-free and repayable on demand.

8. Investments in jointly-controlled entities (cont'd)

(c) The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Assets and liabilities :		
Current assets	69,972	70,931
Non-current assets	1	112
Total assets	69,973	71,043
Current liabilities	(30,585)	(31,104)
Non-current liabilities	(41,895)	(42,258)
Total liabilities	(72,480)	(73,362)
Income and expenses :		
Income	5,945	6,768
Expenses	(6,167)	(7,939)

9. Asset held for sale

	Company	
	2010	**2009**
	$'000	$'000
Investment in jointly-controlled entity :		
Shares, at cost	2,000	2,000
Less: Impairment loss	(2,000)	(2,000)
	–	–

Details of the investment in jointly-controlled entity held by the Company are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	2010	2009
			%	%
Lian Beng Energy Pte Ltd	Investment holding and the provision of agency services	Singapore	50	50

On 27 July 2007, the Company entered into a sale and purchase agreement whereby the Company will sell its 50% interest in Lian Beng Energy Pte Ltd ("LBE") to Manhattan Resources Limited ("Manhattan" or the "ex-jointly-controlled partner") for a cash consideration of $1.

Both parties in the agreement have agreed that the sale and purchase agreement is deemed to take effect on 1 January 2007. As a result, the Group has consolidated LBE's results until 31 December 2006, the date the Company classified the investment in LBE as Assets Held for Sale and Discontinued Operations in prior financial year ended 31 May 2007.

9. Asset held for sale (cont'd)

The agreement entered into stipulated that the obligation of the parties is conditional on the purchaser, Manhattan to obtain approval from shareholders at a general meeting convened for that purpose, which has to be fulfilled by 27 January 2008.

Both parties entered into a supplementary agreement on 31 January 2008 to extend the expiry date of the agreement by a further three months until 27 April 2008.

In prior financial year, the Company took legal action against Manhattan for breach of the terms of the sale and purchase agreement. As at the date of audit report, the outcome of the legal action is still uncertain, and the outcome of the pending legal action may affect the classification of the investment in the jointly-controlled entity as "asset held for sale".

The various classes of assets and liabilities of LBE classified as held for sale as at 31 May are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Assets:		
Plant and equipment	8,835	8,835
Inventories	2,000	2,000
Trade and other receivables	8,177	8,177
Cash and bank balances	758	758
Deferred tax assets	325	325
	20,095	20,095
Liabilities:		
Trade and other payables	16,198	16,198
Bank loans	3,897	3,897
	20,095	20,095
Net asset held for sale	–	–

10. Investment securities

	Group	
	2010	**2009**
	$'000	$'000
(a) **Non-current**		
Available-for-sale financial assets		
Quoted equity investments	453	309
Unquoted equity investments	10,839	8,335
	11,292	8,644
(b) **Current**		
Held for trading investments		
Quoted equity investments	13	10

11. Construction work-in-progress

	Group 2010 $'000	Group 2009 $'000
Construction costs	737,987	687,250
Attributable profits less recognised losses	89,665	62,463
	827,652	749,713
Progress billings	(882,044)	(759,029)
	(54,392)	(9,316)
Represented by:		
Construction work-in-progress less progress billings	20,783	29,522
Progress billings in excess of construction work-in-progress	(75,175)	(38,838)
	(54,392)	(9,316)
Retention monies on construction contract included in trade receivables	41,673	33,510

The following were capitalised in construction costs during the year:

	Group 2010 $'000	Group 2009 $'000
Depreciation of plant and machinery	993	919
Staff costs	16,761	13,922
Operating lease expenses	1,160	771

12. Development properties/properties held for sale

	Group 2010 $'000	Group 2009 $'000
(a) Development properties		
Freehold land, at cost	120,817	120,817
Development expenditure	22,176	17,239
Interest costs	7,887	5,928
Property tax	654	481
	151,534	144,465
Attributable profits/(losses)	2,616	(908)
	154,150	143,557
Progress billings	(57,732)	(30,159)
	96,418	113,398
Less: Transfer to properties held for sale	(6,154)	(5,840)
	90,264	107,558
(b) Properties held for sale	6,154	5,840

Properties held for sale and development properties with carrying amount of $6,154,000 (2009: $5,840,000) and $90,264,000 (2009: $107,558,000) respectively are pledged to banks for loans granted to subsidiaries and a jointly-controlled entity (Note 22).

The interest on bank borrowings capitalised in the current financial year amounting to $1,959,000 (2009: $2,207,000) per annum. Interest ceases to be capitalised when the temporary occupation permit (TOP) has been obtained.

12. Development properties/properties held for sale (cont'd)

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

Description and Location	Tenure	Site Area (square metre)	Stage of development/ expected completion date	Interest held by the Group 2010 %	2009 %
A mixed use commercial cum residential building at Balestier Road, Singapore	Freehold	1,540	Certificate of statutory completion has been issued on 21 December 2005	100	100
Proposed condominium development of 3 blocks of 5 storey residential building with basement and attic at Mountbatten Road, Singapore	Freehold	4,443	Building under construction and expected completion date on July 2011	100	100
Proposed condominium housing development of 2 blocks of 30 storey apartment flats at No. 1 & 3 Khiang Guan Ave (Lincoln Suites), Singapore	Freehold	5,573	Statutory approval obtained. Sale launched and awaiting construction	25	25

The Group uses the percentage of completion ("POC") method for recognising revenue from development properties. During the financial year, the Group has recognised the revenue and profit from sale of development property at Mountbatten Road. If the Company had adopted the completion of construction ("COC") method, the impact on the financial statements will be as follows:

	Group			
	2010		2009	
	POC	COC	POC	COC
	$'000	$'000	$'000	$'000
The opening balance of retained profit	40,062	40,062	25,550	25,550
Revenue	345,705	317,705	308,373	308,373
Profit for the year	24,224	21,221	17,231	17,231
The balance of work-in-progress as at				
- beginning of the period	107,558	107,558	108,081	108,081
- end of the period	90,264	87,054	107,558	107,558

13. Inventories

	Group	
	2010	**2009**
	$'000	$'000
Statement of financial position:		
Raw materials (at cost)	4,954	2,083
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sale	35,694	34,040

14. Trade receivables

	Group	
	2010	**2009**
	$'000	$'000
Trade receivables	63,984	54,598
Retention monies on construction contracts	41,673	33,510
	105,657	88,108
Less: Allowance for doubtful receivables	(1,255)	(904)
	104,402	87,204

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $8,419,000 (2009: $7,772,000), that are past due at the date of statement of financial position but not impaired. These receivables are unsecured and the analysis of their aging at the date of statement of financial position is as follows:

	Group	
	2010	**2009**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	4,475	1,734
30 to 60 days	577	3,339
61-90 days	314	36
91-120 days	212	56
More than 120 days	2,841	2,607
	8,419	7,772

14. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the date of statement of financial position and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		**Individually impaired**	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	–	–	1,255	908
Less: Allowance for impairment	–	–	(1,255)	(904)
	–	–	–	4
Movement in allowance accounts:				
At 1 June	–	–	904	3,495
Charge for the year	–	–	509	618
Written off	–	–	(158)	(3,209)
At 31 May	–	–	1,255	904

Trade receivables that are individually determined to be impaired at the date of statement of financial position 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.

15. Other receivables and deposits

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Current				
Other receivables	27,082	19,533	4	22
Deposits	1,575	702	34	13
Amount due from ex-jointly-controlled partner	9,474	9,474	9,405	9,405
Tax recoverable	–	77	–	77
	38,131	29,786	9,443	9,517
Allowance for doubtful receivables	(678)	(395)	–	–
	37,453	29,391	9,443	9,517
Non-current				
Amount due from an affiliated company	–	2,494	–	–
Amount due from ex-jointly-controlled partner	–	9,474	–	9,405
Less: Impairment loss	–	(69)	–	–
	–	11,899	–	9,405
Less: Amount receivable within 12 months	–	(9,405)	–	(9,405)
Amount receivable after 12 months	–	2,494	–	–

15. Other receivables and deposits (cont'd)

The amount due from other receivables (current) are denominated in Singapore dollars, unsecured, interest-free except for an amount of $20,565,000 (2009: $18,195,000) which bears interest at 1.50% and 8.0% (2009: 1.50%) per annum, and repayable on demand.

The amount due from an affiliated company is denominated in Singapore dollars, unsecured, interest-free and has no fixed repayment terms. During the year, the amount was converted into unquoted preference share capital in the Company's 10% owned property development entity.

The amount due from ex-jointly-controlled partner of $9,400,000 (2009: $9,400,000) relates to the sale and purchase agreement entered between the Company and Manhattan Resources Limited ("Manhattan") (Note 9), whereby Manhattan has undertaken to repay the shareholder's loan due to the Group. The Company has taken legal action against Manhattan for breach of the terms of the sale and purchase agreement. The recoverability of the amount is dependent on the outcome of the legal claim for the amount owed. The outcome of the legal action is currently uncertain and the financial statements do not include any adjustment or provision for this uncertainty as the management is of the view that, based on legal advice, there is a favourable prospect of success in recovering the amount due from the ex-jointly-controlled partner.

16. Receivables from related parties

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Amount due from affiliated companies	1	10	–	–
Amount due from subsidiary companies	–	–	71,035	61,246
	1	10	71,035	61,246
Allowance for doubtful receivables	–	–	(803)	(289)
	1	10	70,232	60,957

These non-trade balances are interest-free, unsecured and repayable on demand.

17. Cash and cash equivalents

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Fixed deposits (Note 18)	36,396	7,656	127	1,115
Cash on hand and at banks	34,361	30,367	50	48
	70,757	38,023	177	1,163
Bank overdrafts (secured and unsecured) (Note 22)	–	(10,364)	–	–
Fixed deposits and cash at banks held as collateral by banks	–	(2,714)	–	(1,115)
	70,757	24,945	177	48

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

Included in cash and cash equivalents are amounts of $11,643,000 (2009: $2,114,000) maintained in the Project Account. The funds in the Project Account can only be applied in accordance with the Housing Developers (Project Account) Rules.

18. Fixed deposits

Fixed deposits earn interest of 0.024% to 2.75% (2009: 0.03% to 3.96%) per annum (Note 17) and have maturities ranging between 6 days and 12 months (2009: 1 week and 12 months).

19. Trade payables and accruals

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Trade payables	69,013	56,547	–	–
Accrued operating expenses	8,787	6,759	401	440
	77,800	63,306	401	440

Trade payables are non-interest bearing and normally settled on 30-90 days terms.

20. Other payables and deposits

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Refundable deposits	400	274	–	–
Advances received	–	3,485	–	–
Other payables	700	1,381	52	38
	1,100	5,140	52	38

21. Amounts due to related parties

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Amount due to minority shareholder of subsidiaries (non-trade)	4,227	3,535	–	–
Short-term loans from subsidiaries	–	–	20,580	13,103
Amount due to a shareholder of jointly-controlled entity (trade)	628	407	–	–
	4,855	3,942	20,580	13,103

Group

Trade and non-trade balances from the minority shareholder of subsidiaries and shareholder of the jointly-controlled entity are unsecured, interest-free and repayable on demand.

Company

Short-term loans from subsidiaries are unsecured, interest-free and repayable on demand.

22. Loans and borrowings

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Current liabilities				
(a) Bank overdrafts (Note 17)	–	10,364	–	–
(b) Short-term bank loans				
- Loan A	–	1,048	–	1,048
- Loan B	2,000	2,250	–	–
- Loan C	–	1,000	–	–
- Loan D	–	2,057	–	–
- Loan E	–	2,117	–	–
- Loan G	–	2,200	–	–
- Loan H	–	400	–	–
- Loan J	–	1,841	–	–
- Loan M	–	629	–	–
	2,000	13,542	–	1,048
Current portion of long-term bank loans				
- Loan F	1,250	–	–	–
- Loan L	1,212	1,158	–	–
- Loan N	250	250	–	–
- Loan O	152	148	–	–
- Loan P	23,566	–	–	–
	26,430	1,556	–	–
Total short-term bank loans	28,430	15,098	–	1,048
(c) Bills payable	4,196	885	–	–
Non-current liabilities				
(d) Long-term bank loans				
- Later than one year but not later than five years				
- Loan F	3,438	–	–	–
- Loan L	2,728	3,842	–	–
- Loan N	1,000	1,000	–	–
- Loan O	679	651	–	–
- Loan P	–	35,740	–	–
- Loan Q	41,895	42,258	–	–
- Loan I	268	–	–	–
- Later than five years			–	
- Loan N	1,160	1,410	–	–
- Loan O	2,020	2,201	–	–
Total long-term bank loans	53,188	87,102	–	–

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22. Loans and borrowings (cont'd)

(a) ***Bank overdrafts***

The bank overdrafts were fully repaid during the financial year. The bank overdrafts beared interest of 5.0% to 5.5% (2009: 5.0% to 5.5%) per annum. The bank overdrafts were secured by a subsidiary's leasehold properties with a carrying value of $Nil (2009: $7,008,000), were guaranteed by the Company and were secured by legal charges over a subsidiary's contracts or contract proceeds of the projects and over the project account maintained with the bank.

(b) ***Bank loans***

Loan A

The short-term revolving loan was repaid on 12 March 2010. The loan was secured by fixed deposits and cash at bank of $Nil (2009: $1,115,000). Interest was charged at 1.0% (2009: 1.0%) over the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 1.88% to 2.43% (2009: 2.43% to 5.96%) per annum.

Loan B

The short-term loan is secured over a subsidiary's properties held for sale with carrying amount of $6,154,000 (2009: $5,840,000) and is guaranteed by the Company. During the financial year, the Company used the rental proceed of $250,000 to repay the loan. Interest is charged at 1.50% (2009: 1.50%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.14% to 2.18% (2009: 2.07% to 3.79%) per annum.

Loan C

The short-term revolving loan was repaid on 16 September 2009. The loan was secured over certain subsidiaries' leasehold and freehold properties with carrying amount of $Nil (2009: $1,736,000). These loans beared interest of 1.50% (2009: 1.50%) above the bank's cost of funds per annum and was guaranteed by the Company. During the financial year, interest was charged at rates ranging from 2.03% to 3.08% (2009: 2.37% to 3.87%) per annum.

Loan D

The short-term revolving loan was repaid on 4 Jan 2010. The loan was guaranteed by the Company and was secured by a legal fixed charge over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest was charged at 1.75% (2009: 1.75%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.05% to 2.2% (2009: 2.13% to 3.87%) per annum.

Loan E

The short-term revolving loans were repaid on 8 Sept 2009. The loans were guaranteed by the Company and were secured by legal charges over a subsidiary's construction contract or contract proceeds of the projects and over the project account maintained with the bank. Interest was charged at 1.50% (2009: 1.50%) above the bank's swap cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.72% to 2.81% (2009: 2.45% to 4.08%) per annum.

22. Loans and borrowings (cont'd)

(b) ***Bank loans (cont'd)***

Loan F

The long-term bridging loan is repayable by 47 equal monthly principal instalments of $104,166 each and one final principal of $104,198 commencing from 26 March 2010. The loan is secured by a subsidiary's leasehold properties with a carrying value of $6,917,000 and is guaranteed by the Company. Interest will be charged at a fixed rate of 5.50% per annum.

Loan G

The revolving credit loan was repaid on 7 Sept 2009. The loan was guaranteed by the Company and was secured by a legal fixed charge over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest was charged at 1.50% (2009: 1.50%) above the bank cost of funds per annum. During the financial year, interest was charged at rates ranging from 1.83% to 1.85% (2009: 1.75% to 3.62%) per annum.

Loan H

The invoice financing loan was repaid on 1 Dec 2009. The loan was guaranteed by the Company and secured by a legal charge over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest was charged at 1.75% (2009: 1.75%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.05% to 2.20% (2009: 2.20% to 2.31%) per annum.

Loan I

The term loan is secured by a subsidiary's leasehold property under construction with carrying value of $1,075,000 (2009: $Nil) and is guaranteed by the Company. The loan is repayable by 15 quarterly instalments of $40,000 each commencing on 31 March 2012 or 6 months after TOP issuance date for the property, whichever is the earlier. The 16th instalments of $40,000 and balance of $1,236,000 shall be repaid as one lump sum not later than 31 Dec 2015. Interest is charged at 2% per annum over the bank's swap rate. During the financial year, interest was charged at 2.44% to 2.58% (2009: Nil).

Loan J

The accounts receivables financing loan was repaid on 16 July 2009. The loan was guaranteed by the Company and was secured by a legal charge over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest was charged at 1.50% (2009: 1.50%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 1.93% to 1.97% (2009: 1.93% to 3%) per annum.

Loan L

The long-term bridging loan is guaranteed by the Company. The loan is repayable by 48 equal monthly instalments of $115,146 each commencing 1 July 2009. Interest will be charged at fixed rate of 5% per annum.

22. Loans and borrowings (cont'd)

(b) ***Bank loans (cont'd)***

Loan M

Account receivables purchase financing loan was repaid on 31 May 2010. The loan was guaranteed by the Company and a subsidiary of the Company. It was secured by a legal charge over the subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest was charged at 0.75% (2009: 0.75%) above the prevailing bank prime rate. During the financial year, interest was charged at 5% (2009: 5%) per annum.

Loan N

The long-term loan is secured over a subsidiary's freehold land and building with carrying amount of $7,500,000 (2009: $8,777,000) and is guaranteed by the Company. The loan is repayable by yearly instalments of $250,000 and a final instalment of $660,000 due on 27 November 2017. Interest is charged at 1.75% (2009: 1.75%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.18% to 2.85% (2009: 2.75% to 3.00%) per annum.

Loan O

The long term loan is secured by the following:

(1) The legal mortgage on a subsidiary's freehold land and building under construction with carrying amount of $10,192,000 (2009: $7,088,000);
(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;
(4) Deed of Corporate Guarantee of the Company.

The loan is repayable in 180 equal monthly instalments of $22,569 commencing 29 June 2009 and interest is charged at prevailing bank prime rate. During the financial year, interest was charged at 4.25% (2009: 4.25%) per annum.

Loan P

The land loan and working capital loan is secured by the following:

(1) The legal mortgage on a subsidiary's development property with carrying amount of $31,198,000 (2009: $42,076,000);
(2) Assignment of rights and benefits of a subsidiary in the sale and purchase agreements;
(3) Deed of Corporate Guarantee of a subsidiary company and the Company.

Interest is charged at 1.125% (2009: 1.125%) per annum over and above SIBOR rate. During the financial year, interest was charged at rates ranging from 3.25% to 4.0% (2009: 2.19% to 4.00%) per annum.

The loans are repayable 36 months from date of its first drawdown on 29 January 2008 or 6 months from date of issuance of TOP for the development property, whichever is earlier.

22. Loans and borrowings (cont'd)

(b) ***Bank loans (cont'd)***

Loan Q

The land loan is secured by the following:

(1) The legal mortgage on a jointly-controlled entity's development property with carrying amount of $59,066,000 (2009: $65,482,000);
(2) Debenture over all present and future assets of a jointly-controlled entity;
(3) Assignment of all the rights, titles, interest and benefit of a jointly-controlled entity under the Sale and Purchase Agreement in respect of the development property;
(4) Corporate guarantee given by the Company in the ratio of the shareholding held by the Company in a jointly-controlled entity of 25%;
(5) Legal assignment of construction contract(s) and performance bonds;
(6) Legal assignment of insurance policies.

Interest is charged at 1.125% (2009: 1.125%) per annum over the relevant S$ Swap Offer Rate. During the financial year, interest was charged at rates ranging from 1.71% to 2.27% (2009: 2.16% to 3.20%) per annum. The land loan is repayable 48 months from date of its first drawdown on 9 January 2008 or 6 months after date of issuance of TOP for the development property, whichever is the earlier.

As at 31 May 2010, the jointly-controlled entity, Phileap Pte Ltd, has breached a covenant of a bank loan. The jointly-controlled entity did not fulfil the requirement to maintain a positive net worth at all time. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $41,895,000. However, the bank had granted formal waiver on the breach as at year end. Accordingly, the outstanding amount was presented as a non-current liability as at 31 May 2010.

(c) ***Bills payable***

Bills payable are repayable within 60 to 120 days and are guaranteed by the Company and a director of a subsidiary company, are secured by legal charges over a subsidiary's construction contracts or contract proceeds of the projects and over the Project Account maintained with the bank. Interest is charged at 2.25% (2009: 1.50%) above bank's swap cost of fund or 0.25% (2009: 0.25% to 0.75%) above prime rate per annum. During the financial year, interest was charged at 2.93% to 5.50% (2009: 2.39% to 7.75%) per annum.

23. 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	**Interest**	**Present value of payments**
	$'000	$'000	$'000
2010			
Not later than one year	3,189	(360)	2,829
Later than one year but not later than five years	6,428	(393)	6,035
Later than five years	46	(1)	45
	9,663	(754)	8,909
2009			
Not later than one year	2,395	(263)	2,132
Later than one year but not later than five years	4,526	(307)	4,219
Later than five years	73	(2)	71
	6,994	(572)	6,422

Lease terms range from 3 to 7 (2009: 3 to 7) 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 4.40% to 6.77% (2009: 4.40% to 6.77%) per annum.

24. Deferred tax liabilities

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation	1,369	751	618	358
Provisions	(60)	(45)	(15)	(8)
Effect of change in tax rate	–	–	–	(21)
Others	208	–	208	–
Total deferred tax liabilities	1,517	706		
Deferred income tax expense (Note 31)			811	329

24. Deferred tax liabilities (cont'd)

The Group have deferred tax assets that have not been recognised due to uncertainty of its 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	
	2010	**2009**
	$'000	$'000
Deductible temporary differences	1,710	2,363
Tax losses	1,006	1,219
	2,716	3,582

Deferred income tax related to other comprehensive income

There is no deferred income tax related to other comprehensive income for the current financial year (2009: Nil).

25. Share capital

	Group and Company			
	2010		**2009**	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid :				
At 1 June	529,760	83,666	529,760	83,666
Share issue expense	–	(1,391)	–	(1,391)
At 31 May	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.

26. 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	
	2010	**2009**
	$'000	$'000
At 1 June	(71)	(11)
Net effect of exchange differences arising from translation of financial statements of foreign operations	90	(60)
At 31 May	19	(71)

26. Other reserves (cont'd)

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group	
	2010	**2009**
	$'000	$'000
At 1 June	103	209
Net gain/(loss) on fair value changes during the year	144	(106)
At 31 May	247	103
Total other reserves	266	32

27. Revenue

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Revenue from:				
- construction contracts	296,776	296,050	–	–
- provision of engineering works	–	50	–	–
Rental of plant and machinery	799	170	–	–
Sales of development properties	28,000	–	–	–
Maintenance of plant and machinery	12	5	–	–
Civil engineering and other works	189	–		
Income from training of construction workers	246	614	–	–
Office rental income from affiliated companies	6	6	–	–
Office rental income from jointly-controlled entity	–	3	–	–
Project management - service income	1,366	1,440	–	–
Dividend income from unquoted subsidiaries	–	–	6,000	4,000
Sales of concrete	18,311	10,035	–	–
	345,705	308,373	6,000	4,000

28. Profit before tax

Profit before tax includes the following:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
(a) Other operating income:				
Dividend income				
- short-term quoted equity investments	1	–	–	–
- long-term quoted equity investments	7	12	–	–
Interest income				
- fixed deposits	38	51	2	14
- bank balances	1	2	–	1
- jointly-controlled entity	–	1	–	–
- others	343	311	–	–
Gain on sale of plant and equipment	231	80	–	–
Rental income from investment properties (Note 5)	46	189		
Operating lease income				
- affiliated companies	2	2	–	–
- others	1,083	968	–	–
Fair value gain on investment securities	3	–	–	–
Write back of impairment losses on property held for sale	314	–	–	–
Write back impairment loss of other receivable	–	223	–	223
Doubtful debt recovered	10	–	–	–
Jobs credit scheme	678	181	–	–
Gain on foreign exchange	–	348	39	28
Reversal of share of loss in jointly-controlled entity	548	960	–	–
Gain on disposal of investment properties	174	–	–	–
Management fee	186	–	–	–
Forgiveness of loan from minority shareholder of subsidiary	25	–	–	–
Storage handling charges	69	–	–	–
Others	60	71	–	–
	3,819	3,399	41	266

Since prior financial year, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (Scheme) for a year. The Scheme is subsequently extended for half a year during the financial year. As at 31 May 2010, under this Scheme, the Group received a 6% to 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Group received its grant income of $678,000 (2009: $181,000) in four receipts in June 2009, September 2009, December 2009 and March 2010.

28. Profit before tax (cont'd)

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
(a) Other operating expenses:				
Depreciation of property, plant and equipment – office	1,620	1,215	–	–
Depreciation of investment properties	118	134	–	–
Loss on foreign exchange	211	–	–	–
Fair value loss on investment securities	–	2	–	–
Allowance for doubtful trade and other receivables	792	1,006	–	–
Allowance for amount due from a subsidiary company	–	–	514	289
Allowance for amount due from jointly-controlled entity (trade and non-trade)	415	2,455	–	6
Allowance for foreseeable loss on property held for sale	–	314	–	–
Management fees	100	300	–	–
Bad debts written-off	88	–	–	–
Write-off of plant and equipment	7	–	–	–
Write-off of club membership	–	18	–	–
Impairment loss on value of property held as fixed asset	1,421	–	–	–
Others	701	715	–	–
	5,473	6,159	514	295

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
(c) Other expenses:				
Non-audit fees				
- auditors of the Company	203	168	92	38
- other auditors	6	12	–	6
Depreciation of property, plant and equipment – others	2,757	2,196	–	–
Directors' fees to directors				
- of the Company	340	330	340	330
- of the subsidiaries	105	90	–	–
Operating lease expenses	3,194	2,155	–	–
Direct operating expenses arising from investment properties (Note 5)	72	100	–	–
Inventories recognised as an expense in cost of sales (Note 13)	35,694	34,040	–	–
Utility charges	1,581	1,388	2	2
Transportation charges	502	575	–	–
Legal and other professional fees	3,433	2,360	263	255
Staff costs (Note 29)	30,136	25,269	–	–

29. Staff costs

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Wages and salaries	26,594	21,927	–	–
Contributions to defined contribution plans	1,560	1,218	–	–
Others	1,982	2,124	–	–
	30,136	25,269	–	–
Included in staff costs are directors' remuneration payable to:				
- directors of the Company	3,577	2,909	–	–
- directors of the subsidiaries	1,560	1,449	–	–
- directors of jointly-controlled entity	–	15	–	–
	5,137	4,373	–	–

The directors' remuneration payable to directors of the Company and directors of the subsidiaries excluded other benefits of $18,000 (2009: $16,000) and $67,000 (2009: $62,000) respectively.

30. Finance costs

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Interest expense on:				
- bank loans and bank overdrafts	2,789	3,704	17	48
- hire purchase	412	337	–	–
	3,201	4,041	17	48
Less: Interest expenses capitalised in:				
Development properties (Note 12)	(1,959)	(2,207)	–	–
Property under construction (Note 4)	(124)	(9)	–	–
Investment property under construction (Note 5)	(3)	–	–	–
	1,115	1,825	17	48

31. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2010 and 2009 are:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Current income tax				
- current income taxation	4,423	3,645	–	1
- (Over)/under provision in respect of prior years	(468)	(374)	(447)	18
Deferred income tax	811	329	–	–
Income tax expense/(credit) recognised in the statement of comprehensive income	4,766	3,600	(447)	19

Relationship between tax expense and accounting profit

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2010 and 2009 is as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Profit before taxation	28,990	20,831	4,548	3,022
Income tax using Singapore tax rate of 17%	4,928	3,541	773	514
Non-deductible expenses	959	746	146	134
Tax exempt income	(506)	(497)	(919)	(647)
Effect of change in tax rate	–	(21)	–	–
Utilisation of previously unrecognised deferred tax assets	(284)	(36)	–	–
Deferred tax assets not recognised	137	245	–	–
Consideration for losses transferred in from related company	23	83	–	–
Tax benefit on losses transferred in from related company	(23)	(83)	–	–
(Over)/under provision of current taxation in respect of prior years	(468)	(374)	(447)	18
Others	–	(4)	–	–
Income tax expense/(credit) recognised in the statement of comprehensive income	4,766	3,600	(447)	19

32. 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 $24,036,000 (2009: $17,012,000) over 529,760,000 (2009: 529,760,000) shares, being the weighted average number of shares in issue during the year.

33. 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 $857,000 (2009: $825,100) of the Group were paid to individuals who are close members of the family of certain directors. These individuals are also directors of certain subsidiaries.

(ii) A subsidiary, Lian Beng Construction (1988) Pte Ltd, leased certain furniture and fittings amounting to $1,200 (2009: $1,200) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd.

(iii) A subsidiary, Lian Beng Investment Pte Ltd, leased office space amounting to $2,880 (2009: $2,880) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd.

(iv) A subsidiary, Lian Beng Construction (1988) Pte Ltd, leased storage space amounting to $194,100 (2009: $106,000) from Associated KHL Industries Pte Ltd.

(v) A subsidiary, Tradewin Engineering Pte Ltd, leased storage space amounting to $24,000 (2009: $8,000) from Associated KHL Industries Pte Ltd.

(vi) A subsidiary, Mountbatten Development Pte Ltd, sold a unit of condominium at Mountbatten Road to a director of a subsidiary, who is close member of the family of certain directors of the Company.

	Group	
	2010	**2009**
	$'000	$'000
(b) ***Compensation of key management personnel***		
Short-term employee benefits	5,643	4,863
Contributions to defined contribution plans	134	114
	5,777	4,977
Comprise amounts paid to:		
- Directors of the Company	3,935	3,255
- Other key management personnel	1,842	1,722
	5,777	4,977

34. Commitments

(a) *Capital commitment*

Capital expenditure contracted for as at the date of statement of financial position but not recognised in the financial statements are as follows:

	Group 2010 $'000	Group 2009 $'000
Capital commitments in respect of:		
Plant and equipment	3,050	2,815
Investment properties	9,424	10,276

(b) *Operating lease commitment – as lessee*

The Group has entered into commercial leases on certain land, equipment and office space. These non-cancellable leases have remaining lease terms of between 1 and 12 years.

Future minimum rentals payable under non-cancellable operating leases at the date of statement of financial position are as follows:

	Group 2010 $'000	Group 2009 $'000
Not later than one year	1,347	1,640
Later than one year but not later than five years	2,212	3,184
Later than five years	2,591	2,891
	6,150	7,715

(c) *Operating lease commitment – as lessor*

The Group has entered into commercial property leases on its investment properties and property held for sale. These non-cancellable leases have remaining lease terms of between 1 and 3 years.

Future minimum rentals receivable under non-cancellable operating leases at the date of statement of financial position are as follows:

	Group 2010 $'000	Group 2009 $'000
Not later than one year	284	398
Later than one year but not later than five years	166	137
	450	535

35. Financial support to subsidiaries

The Company has undertaken to provide continuing financial support to subsidiaries to enable them to operate as going concerns at least through twelve months from the date of the Directors' Reports of the subsidiaries.

36. Directors' remuneration - Group

The number of directors in each of the remuneration bands is as follows:

	Executive Directors	Non-Executive Directors	Total
2010			
$500,000 and above	3	–	3
$250,000 to $499,999	–	–	–
Below $250,000	–	2	2
	3	2	5
2009			
$500,000 and above	3	–	3
$250,000 to $499,999	–	–	–
Below $250,000	–	2	2
	3	2	5

37. Fair value of financial instruments

(a) ***Fair value of financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2010 $'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**
Financial assets:				
Held for trading investments (Note 10)				
- Equity instruments (quoted)	13	–	–	13
Available-for-sale financial assets (Note 10)				
- Equity instruments (quoted)	453	–	–	453
At 31 May 2010	466	–	–	466

37. Fair value of financial instruments (cont'd)

(a) ***Fair value of financial instruments that are carried at fair value (cont'd)***

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for assets
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset that are not based on observable market data (unobservable inputs)

Determination of fair value

Quoted equity instruments (Note 10): Fair value is determined directly by reference to their published market bid price at the date of statement of financial position.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Cash and cash equivalents (Note 17) and other current financial assets and liabilities

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the date of statement of financial position.

(c) ***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			
		2010		2009	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets		$'000	$'000	$'000	$'000
Equity instruments, at cost	10	10,839	*	8,335	*
Financial liabilities					
Obligation under hire purchase	23	8,909	9,162	6,422	6,608
Fixed rate bank loans		8,628	8,890	5,000	5,154

37. Fair value of financial instruments (cont'd)

(c) ***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)***

✳ Investment in equity instruments carried at cost (Note 10)

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 property development and computer software companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

Determination of fair value

Obligations under hire purchase (Note 23) and fixed rate bank loans (Note 22)

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 date of statement of financial position.

38. Classification of financial assets and liabilities

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Investment securities	13	10	–	–
Available-for-sale financial assets				
Investment securities	11,292	8,644	–	–
Loans and receivables				
Trade receivables	104,402	87,204	–	–
Other receivables and deposits	37,453	29,391	9,443	9,517
Receivables from related parties	1	10	70,232	60,957
Amounts due from jointly-controlled entities	36	2,182	–	–
Cash and cash equivalents	70,757	38,023	177	1,163
	212,649	156,810	79,852	71,637
Financial liabilities at amortised cost				
Trade payables and accruals	77,800	63,306	401	440
Other payables and deposits	1,100	5,140	52	38
Amounts due to related parties	4,855	3,942	20,580	13,103
Bank overdrafts	–	10,364	–	–
Bank loans	81,618	102,200	–	1,048
Bills payable	4,196	885	–	–
Obligations under hire purchase	8,909	6,422	–	–
	178,478	192,259	21,033	14,629

39. Financial risk management objectives and policies

The Group and the Company is 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, Executive Director and Financial Controller. 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.

(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. 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.

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 date of statement of financial position, 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 38.

39. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the date of statement of financial position is as follows:

	Group			
	2010		**2009**	
	$'000	% of total	$'000	% of total
By country:				
Singapore	104,402	100	86,643	99
Maldives	–	–	561	1
	104,402	100	87,204	100
By industry sectors:				
Construction	98,842	95	84,886	97
Engineering and leasing of construction machinery	479	–	369	1
Property development	1,163	1	36	–
Investment holding	21	–	40	–
Manufacturing of concrete	3,897	4	1,873	2
	104,402	100	87,204	100

At the date of statement of financial position, approximately:

– 53% (2009: 58%) of the Group's trade receivables were due from 5 major customers; and

– Nil% (2009: 2%) of the Group's trade and other receivables were due from related parties while 88% (2009: 86%) of the Company's receivables were balances with related parties.

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 14.

39. Financial risk management objectives and policies (cont'd)

(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 date of statement of financial position, approximately 37% (2009: 24%) of the Group's loans and borrowings (Note 22 and 23) will mature in less than one year based on the carrying amount reflected in the financial statements. Nil% (2009: 100%) of the Company's loans and borrowings will mature in less than one year at the date of statement of financial position.

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 date of statement of financial position based on contractual undiscounted repayment obligations.

	2010				2009			
	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	141,855	–	–	141,855	116,595	2,494	–	119,089
Cash and cash equivalents	70,757	–	–	70,757	38,023	–	–	38,023
Receivables from related parties	1	–	–	1	10	–	–	10
Amounts due from jointly-controlled entities	36	–	–	36	2,182	–	–	2,182
Investment securities	13	11,292	–	11,305	10	8,644	–	8,654
Total undiscounted financial assets	212,662	11,292	–	223,954	156,820	11,138	–	167,958
Financial Liabilities:								
Trade payables and accruals	77,800	–	–	77,800	63,306	–	–	63,306
Other payables and deposits	1,100	–	–	1,100	5,140	–	–	5,140
Amounts due to related parties	4,855	–	–	4,855	3,942	–	–	3,942
Bank overdrafts	–	–	–	–	10,364	–	–	10,364
Bank loans	30,326	51,514	3,642	85,482	17,439	86,575	4,191	108,205
Bills payable	4,205	–	–	4,205	890	–	–	890
Obligations under hire purchase	3,189	6,428	46	9,663	2,395	4,526	73	6,994
Total undiscounted financial liabilities	121,475	57,942	3,688	183,105	103,476	91,101	4,264	198,841
Total net undiscounted financial assets/ (liabilities)	91,187	(46,650)	(3,688)	40,849	53,344	(79,963)	(4,264)	(30,883)

39. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	2010				2009			
	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	9,443	–	–	9,443	9,517	–	–	9,517
Cash and cash equivalents	177	–	–	177	1,163	–	–	1,163
Receivables from related parties	70,232	–	–	70,232	60,957	–	–	60,957
Total undiscounted financial assets	79,852	–	–	79,852	71,637	–	–	71,637
Financial Liabilities:								
Trade payables and accruals	401	–	–	401	440	–	–	440
Other payables and deposits	52	–	–	52	38	–	–	38
Amounts due to related parties	20,580	–	–	20,580	13,103	–	–	13,103
Bank loans	–	–	–	–	1,065	–	–	1,065
Total undiscounted financial liabilities	21,033	–	–	21,033	14,646	–	–	14,646
Total net undiscounted financial assets	58,819	–	–	58,819	56,991	–	–	56,991

(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 a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the date of statement of financial position, if SGD interest rates had been 75 (2009: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $27,000 (2009: $167,000) 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 $491,000 (2009: $585,000) 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.

39. Financial risk management objectives and policies (cont'd)

(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 and USD.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the date of statement of financial position, such foreign currency balances (mainly in USD) amount to $3,553,000 (2009: $3,372,000).

It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Maldives. The Group's net investments in Maldives are not hedged as currency positions in USD 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 EURO and USD exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax.

		2010 Profit net of tax $'000	2009 Profit net of tax $'000
EURO/SGD	- strengthened 3% (2009: 3%)	–	(20)
	- weakened 3% (2009: 3%)	–	20
USD/SGD	- strengthened 5% (2009: 5%)	323	385
	- weakened 5% (2009: 5%)	(323)	(385)

40. 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 2010 and 31 May 2009.

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 equity holders of the Company.

40. Capital management (cont'd)

	Group 2010 $'000	Group 2009 $'000
Bank overdrafts (Note 22)	–	10,364
Bank loans (Note 22)	81,618	102,200
Bills payable (Note 22)	4,196	885
Obligations under hire purchase (Note 23)	8,909	6,422
Trade payables and accruals (Note 19)	77,800	63,306
Other payables and deposits (Note 20)	1,100	5,140
Amount due to related parties (Note 21)	4,855	3,942
Less: Cash and cash equivalents (Note 17)	(70,757)	(38,023)
Net debt	107,721	154,236
Equity attributable to the equity holders of the Company	143,460	122,369
Less: Fair value adjustment reserve (Note 26)	(247)	(103)
Total capital	143,213	122,266
Capital and net debt	250,934	276,502
Gearing ratio	43%	56%

41. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five 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.

(ii) The property development segment is involved in the development and sale of residential properties as well as the provision of property management services.

(iv) The manufacturing of concrete segment is involved in the manufacture and supply of ready-mixed concrete.

(v) Investment holding segment holds investments in unquoted securities and property for long-term capital appreciation and rental as well as dividend yields.

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.

41. Group segment reporting (cont'd)

(a) *Analysis by business segments*

	Construction		Engineering and leasing of construction machinery		Property development		Investment holding		Manufacturing of Concrete		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:															
External customers	297,853	297,004	868	167	28,668	1,155	6	9	18,310	10,038	–	–		345,705	308,373
Inter-segment	8,587	975	17,947	8,705	–	–	6,289	4,286	16,031	15,117	(48,854)	(29,083)	A	–	–
Total revenue	306,440	297,979	18,815	8,872	28,668	1,155	6,295	4,295	34,341	25,155	(48,854)	(29,083)		345,705	308,373
Results:															
Interest income	19	31	–	–	17	8	346	326	–	–	–	–		382	365
Dividend income	8	12	–	–	–	–	–	–	–	–	–	–		8	12
Finance cost	570	1,275	64	59	82	155	82	128	317	208	–	–		1,115	1,825
Depreciation and amortisation	2,635	2,405	973	709	37	36	3	4	1,039	562	(194)	(165)		4,493	3,551
Impairment of non-financial asset – property held as fixed asset	–	–	–	–	–	–	1,421	–	–	–	–	–		1,421	–
Other non-cash income:															
Reversal of share of loss in jointly-controlled entity	548	960	–	–	–	–	–	–	–	–	–	–		548	960
Write-back of impairment loss of property held for sales and on other receivable	–	–	–	–	314	–	–	223	–	–	–	–		314	223
Others	25	–	–	–	–	–	–	–	–	–	–	–		25	–
Other non-cash expenses:															
Allowance for doubtful receivables	867	2,529	73	621	–	–	267	311	–	–	–	–		1,207	3,461
Provision for impairment loss of property held for sale	–	–	–	–	–	314	–	–	–	–	–	–		–	314
Others	87	–	–	–	–	–	–	–	1	–	–	–		88	–
Segment profit/(loss)	23,420	19,916	4,099	836	2,089	(1,012)	(2,306)	(603)	1,686	1,704	2	(10)	B	28,990	20,831
Assets:															
Additions to non-cash assets	8,192	6,069	2,546	1,819	–	3	3,235	7,127	4,816	721	(4)	(260)	C	18,785	15,479
Segment assets	253,743	209,249	18,619	13,770	112,759	122,052	114,348	102,763	16,353	9,336	(112,144)	(98,555)	D	403,678	358,615
Segment liabilities	171,651	140,490	9,162	8,268	110,224	121,111	33,715	23,849	13,090	7,495	(78,188)	(65,343)	E	259,654	235,870

41. Segmental 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 tax" presented in the consolidated statement of comprehensive income:

	2010	**2009**
	$'000	$'000
Loss/(profit) from inter-segment sales	2	(10)

C. Additions to non-current assets consist of additions to property, plant and equipment and investment properties under construction.

D. The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010	**2009**
	$'000	$'000
Inter-segment assets	(112,144)	(98,555)

E. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010	**2009**
	$'000	$'000
Deferred tax liabilities	1,517	706
Income tax payable	4,484	4,067
Inter-segment liabilities	(84,189)	(70,116)
	(78,188)	(65,343)

41. Segmental 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	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Singapore	345,701	308,278	56,130	44,515
Maldives	4	95	–	97
	345,705	308,373	56,130	44,612

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated statement of financial position.

Information about major customers

Revenue from three major customers amount to $160,862,000 (2009: $150,006,000), arising from construction segments.

42. Dividends

	Group and Company	
	2010	**2009**
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Exempt (one-tier) dividend for 2009: Final dividend of 0.4 cents and special dividend of 0.2 cents per share (2008: 0.472 cents exempt (one-tier) per share)	3,179	2,500
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 2010: Final dividend of 0.4 cents and special dividend of 0.4 cents per share (2009: Final dividend of 0.4 cents and special dividend of 0.2 cents, exempt (one-tier) per share)	4,238	3,179

43. Contingent liabilities

As disclosed in Notes 9 and 15, the Company has taken legal action against Manhattan Resources Limited ("Manhattan") for breach of the terms of the sale and purchase agreement.

However, in the same action, Manhattan has filed their defence and counterclaimed against the Company, denying liabilities on the basis of the non-fulfilment of the pre-condition for the shares purchase and claiming for purported losses that Manhattan has suffered arising from the disputed acquisition.

The Company has already filed the reply and defence to Manhattan's counterclaim. The Company has sought legal advice and maintains that it has a favourable prospect of success in its claims against Manhattan and in its defence against Manhattan's counterclaims.

44. Authorisation of financial statements

The financial statements for the year ended 31 May 2010 were authorised for issue in accordance with a resolution of the directors on 27 August 2010.

STATISTICS OF SHAREHOLDINGS

As at 20 August 2010

SHARE CAPITAL

Issued and fully paid-up capital - S$83,666,121.52
Number of Shares - 529,760,000
Number of Treasury Share held - Nil

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 66.22% of the issued ordinary shares of the Company were held in the hands of the public as at 20 August 2010 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	No of Shares	%
1 - 999	10	0.10	3,324	0.00
1,000 - 10,000	5,099	49.27	33,916,879	6.40
10,001 - 1,000,000	5,220	50.44	250,923,000	47.37
1,000,001 and above	20	0.19	244,916,797	46.23
TOTAL	**10,349**	**100.00**	**529,760,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	Ong Sek Chong & Sons Pte Ltd	133,782,400	25.25
2	Ong Pang Aik	17,100,800	3.23
3	United Overseas Bank Nominees Pte Ltd	15,508,000	2.93
4	Ong Lay Huan	11,275,200	2.13
5	UOB Kay Hian Pte Ltd	8,091,000	1.53
6	OCBC Securities Private Limited	7,883,000	1.49
7	Ong Lay Koon	6,275,200	1.18
8	DBS Nominees Pte Ltd	4,971,000	0.94
9	DBS Vickers Securities (S) Pte Ltd	4,787,398	0.90
10	Kim Eng Securities Pte. Ltd.	4,723,000	0.89
11	Ong Bee Dee	4,559,000	0.86
12	Ang Mui Geok	4,428,799	0.84
13	HSBC (Singapore) Nominees Pte Ltd	4,067,000	0.77
14	Phillip Securities Pte Ltd	3,879,000	0.73
15	OCBC Nominees Singapore Pte Ltd	3,407,000	0.64
16	Hong Leong Finance Nominees Pte Ltd	2,861,000	0.54
17	Ho Ah Huat	2,408,000	0.45
18	Yeo Seng Buck	2,000,000	0.38
19	Raffles Nominees (Pte) Ltd	1,710,000	0.32
20	Lim Chwee Kim	1,200,000	0.23
		244,916,797	46.23

STATISTICS OF SHAREHOLDINGS

As at 20 August 2010

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
Ong Sek Chong & Sons Pte Ltd	133,782,400	25.25	-	-
Ong Pang Aik*	17,100,800	3.23	133,782,400	25.25

Note:

* Mr Ong Pang Aik's deemed interests refer to the 133,782,400 shares held by Ong Sek Chong & Sons Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of LIAN BENG GROUP LTD (the "Company") will be held at No. 25, Playfair Road, Level 4, Lian Beng Building, Singapore 367990 on Friday, 24 September 2010 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 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2 To declare a first and final (tax exempt one-tier) dividend of 0.40 cents per ordinary share for the financial year ended 31 May 2010. **(Resolution 2)**

3 To declare a special (tax exempt one-tier) dividend of 0.40 cents per ordinary share for the financial year ended 31 May 2010. **(Resolution 3)**

4 To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-

Ms Ong Lay Huan **(Resolution 4)**
Mr Sitoh Yih Pin [see explanatory note 1] **(Resolution 5)**

5 To approve the payment of Directors' fees of S$340,000 for the financial year ended 31 May 2010 (2009: S$330,000). **(Resolution 6)**

6 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

7 **General Share Issue Mandate** **(Resolution 8)**

"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:

(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) 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) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) 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;

(5) 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 of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [see explanatory note 2]

8 **Authority to issue shares at a discount** **(Resolution 9)**

"That subject to and pursuant to the general share issue mandate in resolution 8 above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST." *[see explanatory note 3]*

9 To transact any other business that may be properly transacted at the Annual General Meeting of the Company.

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries
Singapore

8 September 2010

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Mr Sitoh Yih Pin will, upon re-election as a Director of the Company, remains as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. The proposed Ordinary Resolution 8, 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. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues from the date of the Annual General Meeting until 31 December 2010 or such timeline as may be prescribed by the SGX-ST.

3. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue new shares (other than on a pro-rata basis to shareholders of the Company) at an issue price of up to 20% discount to the weighted average price per share from the date of the Annual General Meeting until 31 December 2010 or such timeline as may be prescribed by the SGX-ST.

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 No. 25 Playfair Road, Lian Beng Building, Singapore 367990 not less than 48 hours before the time appointed for holding the above Meeting.

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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.

*I/We____ (Name) of

____ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the "Company") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		Number of Shares	**%**
Address			

*and/or

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		Number of Shares	**%**
Address			

or failing him/her, the Chairman of the Annual General Meeting of the Company (the "AGM") 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 Friday, 24 September 2010 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.	Resolutions relating to:	For **	Against**
1.	Directors' Report and Audited Accounts for the financial year ended 31 May 2010		
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 Sitoh Yih Pin as a Director		
6.	Approval of Directors' fees		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8.	Authority to allot and issue shares		
9.	Authority to issue shares at a discount		

* Delete accordingly
** Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this ________day of ____________________ 2010

Total Number of Shares Held

____
Signature(s) of Member(s)/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 the a proxy or proxies must be deposited at the Company's registered office at No. 25 Playfair Road, Lian Beng Building, Singapore 367990, 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.

聯明集團有限公司
LIAN BENG GROUP LTD

25 Playfair Road, Lian Beng Building, Singapore 367990
Tel: (65) 6283 1468 Fax: (65) 6280 9360 **www.lianbeng.com.sg**