



LIAN BENG GROUP LTD

First Half Financial Statement And Dividend Announcement

First Half financial statements on consolidated results for the period ended 30 November 2012.

These figures have not been audited.

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of Comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		
	6 months ended	6 months ended	% Increase /(Decrease)
	30 November 2012 S\$'000	30 November 2011 S\$'000	
Revenue	234,924	237,670	-1.2%
Cost of sales	(204,329)	(201,487)	1.4%
Gross profit	30,595	36,183	-15.4%
Other operating income	6,106	10,912	-44.0%
Distribution expenses	(1,403)	(724)	93.8%
Administrative expenses	(8,306)	(8,132)	2.1%
Other operating expenses	(2,641)	(1,847)	43.0%
Finance costs	(482)	(371)	29.9%
Share of results of associate	2	-	NM
Profit before taxation	23,871	36,021	-33.7%
Taxation	(4,091)	(5,531)	-26.0%
Profit for the period	19,780	30,490	-35.1%
Other comprehensive income :			
Foreign currency translation gain / (loss)	9	(117)	-107.7%
Net gain / (loss) on fair value changes of available-for-sale financial assets	77	(3)	-2666.7%
Total other comprehensive income / (loss) for the period, net of tax	86	(120)	-171.7%
Total comprehensive income for the period, net of tax	19,866	30,370	-34.6%
Profit attributable to :			
Owners of the Company	19,213	30,126	-36.2%
Non-controlling interests	567	364	55.8%
	19,780	30,490	-35.1%
Total comprehensive income attributable to:			
Owners of the Company	19,299	30,006	-35.7%
Non-controlling interests	567	364	55.8%
	19,866	30,370	-34.6%

Notes to Income Statements:

		The Group		
		6 months ended	6 months ended	% Increase /(Decrease)
		30 November 2012 S\$'000	30 November 2011 S\$'000	
Other income including interest income	Note 1	2,317	833	178.2%
Gain on disposal of plant & equipment		280	259	8.1%
Depreciation of property, plant and equipment	Note 2	(4,602)	(3,470)	32.6%
Depreciation of investment properties		(52)	(25)	108.0%
Gain on sale of investment property held for sale	Note 3	-	7,896	NM
Dividend income from investment securities	Note 4	2,212	1,625	36.1%
Write back of impairment loss on unquoted investment securities	Note 5	1,194	-	NM
Foreign exchange (loss)/gain		(94)	205	-145.9%

* Not Meaningful

Explanatory notes:

- The increase in other income and interest income was attributable to rental income as well as interest income derived from corporate bonds and fixed deposits.
- The increase in depreciation of property, plant and equipment was mainly due to the addition of the factory located at Sungei Kadut.
- The gain on sale of investment property held for sale was due to the sale of the property at New Industrial Road in 1H12.
- The increase in dividend income from investment securities was due to dividend received from the Group's 19% joint venture company, Centurion Kovan Pte Ltd.
- The Group provided an impairment loss of \$1.2 million for the 10% effective interest in Emerald Land Pte Ltd ("Emerald") in FY12. In 1H13, the Group disposed its 10% effective interest in Emerald at cost and accordingly the impairment loss provided in prior year was reversed in 1H13.

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

	The Group		The Company	
	S\$'000		S\$'000	
	30-Nov-12	31-May-12	30-Nov-12	31-May-12
<u>Non-current assets</u>				
Property, plant and equipment	53,487	49,956	-	-
Investment properties	114,782	66,211	-	-
Intangible assets	-	-	-	-
Investment in jointly-controlled entities	-	-	500	500
Investment in subsidiaries	-	-	46,656	46,655
Investment securities	9,483	18,167	-	-
	177,752	134,334	47,156	47,155
<u>Current assets</u>				
Construction work-in-progress	7,370	4,892	-	-
Development properties	181,265	96,697	-	-
Development properties held for sale	5,918	6,154	-	-
Inventories	6,153	3,076	-	-
Trade receivables	123,133	124,364	-	-
Other receivables and deposits	26,277	22,628	3	1,975
Prepayments	1,217	1,146	1	8
Receivables from related parties	8	2	81,429	90,364
Amounts due from jointly-controlled entities	7,167	-	26,379	7,977
Amounts due from an associated company	5,057	6,286	5,057	6,286
Investment securities	1,014	1,012	-	-
Fixed deposits	70,791	55,950	-	-
Cash and bank balances	87,350	130,828	301	663
	522,720	453,035	113,170	107,273
<u>Current liabilities</u>				
Progress billings in excess of construction work-in-progress	98,437	98,176	-	-
Trade and other payables	130,526	118,899	42	58
Accruals	10,763	13,131	240	435
Amounts due to subsidiaries	-	-	62,045	44,834
Bank loans	31,783	835	-	-
Bills payable	1,570	755	-	-
Current portion of obligations under hire purchase	4,356	3,944	-	-
Provision for taxation	9,838	12,041	2	2
	287,273	247,781	62,329	45,329
Net current assets	235,447	205,254	50,841	61,944
<u>Non-current liabilities</u>				
Investment in associate	46	48	-	-
Bank loans	162,266	99,833	-	-
Obligations under hire purchase	7,447	5,706	-	-
Deferred tax liabilities	1,902	1,754	-	-
	171,661	107,341	-	-
Net assets	241,538	232,247	97,997	109,099
<u>Equity attributable to owners of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Capital reserve	474	351	-	-
Foreign currency translation reserve	(10)	(19)	-	-
Fair value adjustment reserve	456	379	-	-
Retained earnings	157,091	148,473	15,722	26,824
	240,286	231,459	97,997	109,099
Non-controlling interests	1,252	788	-	-
Total equity	241,538	232,247	97,997	109,099
	-	-	-	-

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

Amount repayable in one year or less, or on demand

As at 30 November 2012

Secured (S\$)	Unsecured (S\$)
37,709,000	0

As at 31 May 2012

Secured (S\$)	Unsecured (S\$)
5,534,000	0

Amount repayable after one year

As at 30 November 2012

Secured (S\$)	Unsecured (S\$)
169,713,000	0

As at 31 May 2012

Secured (S\$)	Unsecured (S\$)
105,539,000	0

Details of any collateral

As at 30 November 2012, the Group's borrowings of S\$207.4 million (31 May 2012 : S\$111.1 million) are secured by the Group's freehold properties, development properties, barges, plant, machinery and motor vehicles. The bank facilities of the subsidiary companies are also secured by corporate guarantees from the Company.

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

	The Group (\$'000) 6 months ended 30-Nov-12	The Group (\$'000) 6 months ended 30-Nov-11
<u>Cash flows from operating activities</u>		
Profit before taxation	23,871	36,021
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	4,602	3,470
Depreciation of investment properties	52	25
Dividend income from investment securities	(2,212)	(1,625)
Gain on sale of property, plant and equipment	(280)	(259)
Write back of impairment loss on unquoted investment securities	(1,194)	-
Net fair value (gain)/loss on investment securities	(2)	1
Gain on sale of investment securities	(5)	-
Gain on sale of investment property held for sale	-	(7,896)
Interest income	(1,019)	(567)
Interest expense	482	371
Exchange translation difference	10	(117)
Share of results of associate	(2)	-
	432	(6,597)
Operating cash flows before changes in working capital	24,303	29,424
<u>Changes in working capital :-</u>		
Development properties	(84,265)	34,987
Construction work-in-progress	(2,217)	(8,006)
Inventories	(3,077)	3,483
Trade receivables	1,231	13,590
Other receivables and deposits	(4,081)	(6,250)
Prepayments	(71)	(422)
Property held for sale	236	-
Trade payables, other payables, accruals and bills payable	17,637	1,424
Balances with related parties	(7,173)	6
	(81,780)	38,812
Cash flows (used in) / generated from operations	(57,477)	68,236
Interest paid capitalised in development properties	(303)	(575)
Income tax paid	(6,146)	(4,537)
Net cash flows (used in) / generated from operating activities	(63,926)	63,124
<u>Cash flows from investing activities</u>		
Interest received	1,407	344
Dividend income from investment securities	2,212	1,625
Additional investment in investment securities	(502)	(1,600)
Repayment by / (loan to) an associated company	1,229	(6,709)
Purchase of property, plant and equipment	(4,974)	(1,669)
Purchase of investment properties	(48,623)	(11,281)
Proceeds from disposal of property, plant and equipment	328	566
Proceeds from disposal of unquoted investment securities	10,505	-
Proceeds from disposal of investment property held for sale	-	32,205
Net cash flows (used in) / generated from investing activities	(38,418)	13,481
<u>Cash flows from financing activities</u>		
Interest paid	(482)	(371)
Capital contribution from a non-controlling shareholder	20	-
Repayment of hire purchase creditors	(1,054)	(1,951)
Dividend paid on ordinary shares	(10,595)	(8,476)
Repayment of bank loans	(2,167)	(36,149)
Proceeds from bank loans	95,548	-
(Repayment to) / loan from minority shareholder of a subsidiary company	(7,563)	5,294
Net cash flows generated from / (used in) financing activities	73,707	(41,653)
Net (decrease) / increase in cash and cash equivalents	(28,637)	34,952
Cash and cash equivalents at beginning of the period	186,778	149,863
Cash and cash equivalents at end of the period *	158,141	184,815
* Breakdown of cash and cash equivalents at the end of period:	\$'000	\$'000
Cash at bank and in hand	87,350	163,733
Fixed deposits	70,791	21,082
Total	158,141	184,815

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

	Group						
	Share capital	Capital reserve	Translation reserve	Fair value adjustment reserve	Retained earnings	Non-controlling interests	Total Equity
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2011	82,275	-	375	293	104,863	1,461	189,267
Profit for the period	-	-	-	-	30,126	364	30,490
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(3)	-	-	(3)
Foreign currency translation	-	-	(117)	-	-	-	(117)
Other comprehensive income for the period, net of tax	-	-	(117)	(3)	-	-	(120)
Total comprehensive income for the period	-	-	(117)	(3)	30,126	364	30,370
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	(8,476)	-	(8,476)
Balance as at 30 November 2011	82,275	-	258	290	126,513	1,825	211,161
Balance as at 1 June 2012	82,275	351	(19)	379	148,473	788	232,247
Profit for the period	-	-	-	-	19,213	567	19,780
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	77	-	-	77
Foreign currency translation gain	-	-	9	-	-	-	9
Other comprehensive income for the period, net of tax	-	-	9	77	-	-	86
Total comprehensive income for the period	-	-	9	77	19,213	567	19,866
<u>Contributions by and distributions to owners</u>							
Capital contributed by non-controlling interest	-	-	-	-	-	20	20
Acquisition of non-controlling interests without a change in control	-	123	-	-	-	(123)	-
Dividends on ordinary shares	-	-	-	-	(10,595)	-	(10,595)
Total transactions with owners in their capacity as owners	-	123	-	-	(10,595)	(103)	(10,575)
Balance as at 30 November 2012	82,275	474	(10)	456	157,091	1,252	241,538

	Company		
	Share Capital	Retained earnings	Total Equity
	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2011	82,275	8,877	91,152
Loss for the period	-	(526)	(526)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(526)	(526)
<u>Distribution to owners</u>			
Dividends on ordinary shares	-	(8,476)	(8,476)
Balance as at 30 November 2011	82,275	(125)	82,150
Balance as at 1 June 2012	82,275	26,824	109,099
Loss for the period	-	(507)	(507)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(507)	(507)
<u>Distribution to owners</u>			
Dividends on ordinary shares	-	(10,595)	(10,595)
Balance as at 30 November 2012	82,275	15,722	97,997

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

None

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

Total number of issued shares as at 30 November 2012 is 529,760,000 shares (FY 2012: 529,760,000 shares)

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

Not Applicable

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

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

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

Not Applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 May 2012, except for those disclosed under Paragraph 5.

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

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 June 2012. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS. The adoption of new / revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements.

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

Earnings per share attributable to equity holders of the Company (cents per share)	6 months ended	6 months ended
	30-Nov-12	30-Nov-11
(a) On a basic basis	3.63	5.69
(b) On a fully diluted basis	3.63	5.69

Earnings per share is calculated based on 529,760,000 ordinary shares for the half year. (1H12: 529,760,000 shares)

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

	Group		Company	
	As at 30-Nov-12	As at 31-May-12	As at 30-Nov-12	As at 31-May-12
Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)	45.36	43.69	18.50	20.59

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current period. (FY2012: 529,760,000 shares)

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

A) Comprehensive Income Statements

Group revenue for the half year ended 30 November 2012 ("1H13") declined by 1.2% to \$234.9 million from \$237.7 million for the half year ended 30 November 2011 ("1H12"). The decline in revenue was due mainly to lower revenue recognised from the property development segment. The construction segment continued to be the main contributor to the Group revenue. Construction, property development and ready mixed concrete segments accounted for 73%, 4% and 22% of the Group revenue respectively for 1H13.

Gross profit for 1H13 decreased by 15.4% to \$30.6 million from \$36.2 million in 1H12 due to a decline in gross profit margin in 1H13.

Other operating income for 1H13 decreased by 44.0% to \$6.1 million from \$10.9 million in 1H12. The decrease was due mainly to the profit on the sale of the property at New Industrial Road in 1H12.

Distribution expenses for 1H13 increased by 93.8% to \$1.4 million from \$0.7 million in 1H12 was attributable to show-flat and marketing expenses incurred for the preparation of the launch of the property development known as Spottiswoode Suites. Other operating expenses increased by 43.0% to \$2.6 million from \$1.8 million was due largely to increase in the depreciation expense arising from the addition of the factory located at Sungei Kadut.

Taking into account the above and taxation, the Group recorded a 35.1% decrease in profit after tax to \$19.8 million for 1H13, compared to \$30.5 million for 1H12.

B) Financial Position Statements

Long term investment properties increased to \$114.8 million in 1H13 from \$66.2 million in FY2012 due mainly to purchases of two units of residential properties at 111 Emerald Hill and development cost incurred for the workers' dormitory as well as the reclassification of development cost for vacant land at Mandai Estate that was granted permission to develop workers' dormitory from development property to investment property.

Investment securities declined to \$9.5 million in 1H13 from \$18.2 million in FY2012 due mainly to the disposal of its effective 10% interest in the equity of Emerald.

Development properties increased from \$96.7 million to \$181.3 million in 1H13 which was mainly due to increase in costs incurred mainly for Lincoln Suites, Spottiswoode Suites, M Space and Hougang Plaza offset by the increase in progressive income received from M Space, Ola Residences and Lincoln Suites as well as the reclassification of development cost for vacant land at Mandai Estate that was granted permission to develop workers' dormitory from development property to investment property.

The amount due by jointly-controlled entities of \$26.4 million at the Company level and \$7.2 million at the Group level in 1H13 was mainly due to Company's contribution to the jointly-controlled entity, Spottiswoode Development Pte Ltd to redevelop the property known as Spottiswoode Suites as well as progress billings to Paul Y. - Lian Beng JV Pte Ltd for work done for the construction project known as Thomson Grand.

Other receivables and deposits increased to \$26.3 million in 1H13 from \$22.6 million in FY2012 which was mainly due to proportional contributions to Group's affiliates for the acquisition of properties located at Hong Leong Garden, Seletar Garden, King Albert Park and Starview Road, partially offset by settlement of loan by Emerald as well as reclassification of advance deposits to fixed asset account.

Total borrowings increased from \$111.1 million to \$207.4 million in 1H13 mainly due to bank borrowings to finance the development projects at Spottiswoode Suites and Hougang Plaza.

C) Cash Flow Statements

Net cash used in operating activities increased to \$63.9 million in 1H13 which was mainly due to the increase in net working capital outflow for the property developments at Spottiswoode Suites and Hougang Plaza for the half year ended 30 November 2012.

Net cash used in investing activities increased to \$38.4 million in 1H13 which was mainly due to purchase of two units of residential properties at 111 Emerald Hill and development cost incurred for workers' dormitory as well as addition to plant and machinery. However, the increase was offset by proceeds from interest and dividend income as well as proceeds from the disposal of its 10% effective interest in Emerald.

Net cash generated from financing activities increased to \$73.7 million in 1H13 was mainly attributable to increase in bank loans used to finance the acquisitions and development of development projects at Hougang Plaza and Spottiswoode Suites.

Overall, cash and cash equivalents stood at \$158.1 million as at 30 November 2012.

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

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

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

On 2 Jan 2013, MTI announced that based on advance estimates, Singapore economy grew by 1.1% on a year-on-year basis in 4Q12 averting a technical recession for the year 2012. The construction sector grew by 5.9% on a year-on-year basis in 4Q12 moderating from the 7.7% in the preceding quarter. In the light of the above, the Group is cautiously optimistic of the outlook of the construction industry for the next 12 months.

The Group will continue to focus on its core business of construction and remain active in tendering for new projects in the public and private sectors to generate sustainable revenue and profitability. As at 30 Nov 2012, the Group has an order book of \$547 million which will provide it with a sustainable flow of activities.

The Group starts selling its 50%-owned joint venture residential development known as Spottiswoode Suites at Spottiswoode Park and will launch another 50%-owned joint venture mixed development project known as Hougang Plaza at Hougang Avenue in due course.

The Group has successfully launched and fully sold out its 55%-owned industrial development project, known as M Space at Mandai Estate. In accordance with INT FRS 115, the revenue and profit of this industrial development will only be recognised upon TOP which is expected to be due in September 2013 or FY 2014.

The Group will continue to explore business opportunities in the region through acquisition, joint venture and/or strategic alliances that would complement its construction and property development business thereby increase the revenue of the Group.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

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

(d) Books closure date

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

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

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

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

Not applicable as no IPT mandate has been obtained.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

Not applicable

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

Not applicable

- 16 A breakdown of sales**

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
14 January 2013

**CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF THE
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

**For the announcement of unaudited financial statements
for the half year ended 30 November 2012**

We, Ong Pang Aik and Ong Lay Koon, being Directors of Lian Beng Group Ltd ("the Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited half year financial results for the half year ended 30 November 2012 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors.

Ong Pang Aik
Chairman and Managing Director

Ong Lay Koon
Executive Director

14 January 2013