



**LIAN BENG GROUP LTD**

**First Quarter Financial Statement And Dividend Announcement**

**First Quarter financial statements on consolidated results for the period ended 31 August 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		
	3 months ended 31 August 2012 S\$'000	3 months ended 31 August 2011 S\$'000	% Increase /(Decrease)
<b>Revenue</b>	113,407	135,827	-16.5%
Cost of sales	(97,465)	(115,284)	-15.5%
<b>Gross profit</b>	15,942	20,543	-22.4%
Other operating income	2,720	8,474	-67.9%
Distribution expenses	(218)	(283)	-23.0%
Administrative expenses	(4,289)	(4,535)	-5.4%
Other operating expenses	(1,431)	(992)	44.3%
Finance costs	(153)	(212)	-27.8%
Share of results of associate	8	-	nm
<b>Profit before taxation</b>	12,579	22,995	-45.3%
Taxation	(2,004)	(3,677)	-45.5%
<b>Profit for the period</b>	10,575	19,318	-45.3%
<b>Other comprehensive income :</b>			
Foreign currency translation	12	73	-83.6%
Fair value adjustment on available-for-sale financial assets	36	-	nm
Other comprehensive income for the period, net of tax	48	73	-34.2%
Total other comprehensive income for the period, net of tax	10,623	19,391	-45.2%
<b>Profit attributable to :</b>			
Owners of the parent	10,508	19,081	-44.9%
Non-controlling interests	67	237	-71.7%
	10,575	19,318	-45.3%
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	10,556	19,154	-44.9%
Non-controlling interests	67	237	-71.7%
	10,623	19,391	-45.2%

**Notes to Income Statements:**

		The Group		
		3 months ended 31 August 2012 S\$'000	3 months ended 31 August 2011 S\$'000	% Increase /(Decrease)
Gain on sale of investment property held for sale	Note 1	-	7,896	NM*
Other income including interest income	Note 2	1,225	329	272.3%
Gain on disposal of plant & equipment		202	202	0.0%
Depreciation of property, plant and equipment	Note 3	(2,306)	(1,697)	35.9%
Depreciation of investment properties		(26)	(13)	100.0%
Foreign exchange loss		(62)	(132)	-53.0%
Dividend income from investment securities	Note 4	1,238	-	NM*

\* Not Meaningful

**Explanatory notes:**

- The gain on sale of investment property held for sale was due to the sale of the property at New Industrial Road in 1Q12.
- 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 which caused the increase of Other Operating expenses to \$1.4 million in 1Q13 from \$1.0 million.
- The increase in dividend income from investment securities was mainly due to dividend received from the Group's 19% owned joint venture company.

**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.**

	<b>The Group</b>		<b>The Company</b>	
	S\$'000		S\$'000	
	31-Aug-12	31-May-12	31-Aug-12	31-May-12
<b><u>Non-current assets</u></b>				
Property, plant and equipment	52,656	49,956	-	-
Investment properties	89,663	66,211	-	-
Investment in joint venture	-	-	500	500
Investment in subsidiaries	-	-	46,655	46,655
Investment securities	18,214	18,167	-	-
	<b>160,533</b>	<b>134,334</b>	<b>47,155</b>	<b>47,155</b>
<b><u>Current assets</u></b>				
Construction work-in-progress	7,003	4,892	-	-
Development properties	184,515	96,697	-	-
Development properties held for sale	6,154	6,154	-	-
Inventories	2,582	3,076	-	-
Trade receivables	129,590	124,364	-	-
Other receivables and deposits	22,513	22,628	3	1,975
Prepayments	951	1,146	-	8
Receivables from related parties	2	2	87,935	90,364
Amounts due from jointly-controlled entities	4,246	-	26,383	7,977
Amount due from an associated company	6,286	6,286	6,286	6,286
Investment securities	1,013	1,012	-	-
Fixed deposits	86,723	55,950	-	-
Cash and bank balances	97,614	130,828	1,732	663
	<b>549,192</b>	<b>453,035</b>	<b>122,339</b>	<b>107,273</b>
<b><u>Current liabilities</u></b>				
Progress billings in excess of construction work-in-progress	98,391	98,176	-	-
Trade and other payables	125,831	118,899	79	58
Accruals	17,719	13,131	497	435
Amounts due to related parties	-	-	60,046	44,834
Bank loans	33,482	835	-	-
Bills payable	1,796	755	-	-
Current portion of obligations under hire purchase	4,069	3,944	-	-
Provision for taxation	13,951	12,041	2	2
	<b>295,239</b>	<b>247,781</b>	<b>60,624</b>	<b>45,329</b>
<b>Net current assets</b>	<b>253,953</b>	<b>205,254</b>	<b>61,715</b>	<b>61,944</b>
<b><u>Non-current liabilities</u></b>				
Associate	40	48	-	-
Bank loans	163,739	99,833	-	-
Obligations under hire purchase	5,986	5,706	-	-
Deferred tax liabilities	1,831	1,754	-	-
	<b>171,596</b>	<b>107,341</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>242,890</b>	<b>232,247</b>	<b>108,870</b>	<b>109,099</b>
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	82,275	82,275	82,275	82,275
Capital reserves	351	351	-	-
Foreign currency translation reserves	(7)	(19)	-	-
Fair value adjustment reserves	415	379	-	-
Retained earnings	158,981	148,473	26,595	26,824
	242,015	231,459	108,870	109,099
Non-controlling interests	875	788	-	-
<b>Total equity</b>	<b>242,890</b>	<b>232,247</b>	<b>108,870</b>	<b>109,099</b>
	-	-	-	-

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

**Amount repayable in one year or less, or on demand**

As at 31 August 2012

Secured (S\$)	Unsecured (S\$)
39,347,000	0

As at 31 May 2012

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

**Amount repayable after one year**

As at 31 August 2012

Secured (S\$)	Unsecured (S\$)
169,725,000	0

As at 31 May 2012

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

**Details of any collateral**

As at 31 August 2012, the Group's borrowings of S\$209.1 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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group (S\$'000) 3 months ended 31-Aug-12	The Group (S\$'000) 3 months ended 31-Aug-11
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	12,579	22,995
<b><u>Adjustments for:-</u></b>		
Depreciation of property, plant and equipment	2,306	1,697
Depreciation of investment properties	26	13
Dividend income from investment securities	(1,238)	-
Gain on sale of property, plant and equipment	(202)	(202)
Net fair value (gain) / loss on investment securities	(1)	2
Gain on sale of investment securities	(5)	-
Interest income	(541)	(187)
Interest expense	153	212
Exchange translation difference	12	73
Gain on sale of investment property held for sale	-	(7,896)
Share of results of associate	(8)	-
<b>Operating cash flows before changes in working capital</b>	<b>13,081</b>	<b>16,707</b>
<b><u>Changes in working capital :-</u></b>		
Development properties	(87,729)	25,983
Construction work-in-progress	(1,896)	(9,860)
Inventories	494	232
Trade receivables	(5,226)	(8,506)
Other receivables and deposits	384	(1,035)
Prepayments	195	(227)
Trade payables, other payables, accruals and bills payable	14,720	9,598
Balances with related parties	(4,246)	7
	<b>(83,304)</b>	<b>16,192</b>
Cash flows (used in) / generated from operations	<b>(70,223)</b>	<b>32,899</b>
Interest paid capitalised in development properties	(89)	(345)
Income tax paid	(17)	-
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(70,329)</b>	<b>32,554</b>
<b><u>Cash flows from investing activities</u></b>		
Interest received	260	80
Dividend income from investment securities	1,238	-
Additional investment in investment securities	-	(1,250)
Purchase of property, plant and equipment	(3,812)	(925)
Purchase of investment properties	(23,478)	(1,026)
Proceeds from disposal of property, plant and equipment	246	324
Proceeds from disposal of investment property held for sale	-	32,205
Proceeds from disposal of investment securities	6	-
<b>Net cash flows (used in) / generated from investing activities</b>	<b>(25,540)</b>	<b>29,408</b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(153)	(212)
Proceeds from bank loans	96,636	-
Repayment of hire purchase creditors	(833)	(878)
Repayment of bank loans	(83)	(32,448)
Capital contribution from a non-controlling shareholder	20	-
(Repayment of loan) / loan from a non-controlling shareholder of a subsidiary company	(2,159)	3,127
<b>Net cash flows generated from / (used in) financing activities</b>	<b>93,428</b>	<b>(30,411)</b>
Net (decrease) / increase in cash and cash equivalents	<b>(2,441)</b>	<b>31,551</b>
Cash and cash equivalents at beginning of the period	186,778	149,863
<b>Cash and cash equivalents at end of the period *</b>	<b>184,337</b>	<b>181,414</b>
<b>* Breakdown of cash and cash equivalents at the end of period:</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	97,614	164,379
Fixed deposits	86,723	17,035
<b>Total</b>	<b>184,337</b>	<b>181,414</b>

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

Group							
	Share Capital	Capital reserve	Translation Reserves	Fair Value Adj Reserves	Retained earnings	Non-controlling interests	Total equity
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
<b>Balance as at 1 June 2011</b>	82,275	-	375	293	104,863	1,461	189,267
Profit for the period	-	-	-	-	19,081	237	19,318
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation	-	-	73	-	-	-	73
Other comprehensive income for the period, net of tax	-	-	73	-	-	-	73
<b>Total comprehensive income for the period</b>	-	-	73	-	19,081	237	19,391
<b>Balance as at 31 August 2011</b>	82,275	-	448	293	123,944	1,698	208,658
<b>Balance as at 1 June 2012</b>	82,275	351	(19)	379	148,473	788	232,247
Profit for the period	-	-	-	-	10,508	67	10,575
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	-	-	-	36	-	-	36
Foreign currency translation	-	-	12	-	-	-	12
Other comprehensive income for the period, net of tax	-	-	12	36	-	-	48
<b>Total comprehensive income for the period</b>	-	-	12	36	10,508	67	10,623
<u>Contribution by and distribution to owner</u>							
Capital contributed by non-controlling interest	-	-	-	-	-	20	20
<b>Balance as at 31 August 2012</b>	82,275	351	(7)	415	158,981	875	242,890

	Company		
	Share Capital	Retained earnings	Total equity
	S\$ '000	S\$ '000	S\$ '000
<b>Balance as at 1 June 2011</b>	82,275	8,877	91,152
Loss for the period	-	(244)	(244)
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive loss for the period</b>	-	(244)	(244)
<b>Balance as at 31 August 2011</b>	82,275	8,633	90,908
<b>Balance as at 1 June 2012</b>	82,275	26,824	109,099
Loss for the period	-	(229)	(229)
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive loss for the period</b>	-	(229)	(229)
<b>Balance as at 31 August 2012</b>	82,275	26,595	108,870

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

None

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

Total number of issued shares as at 31 August 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)	3 months ended	
	31-Aug-12	31-Aug-11
(a) On a basic basis	1.98	3.60
(b) On a fully diluted basis	1.98	3.60

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

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)	Group		Company	
	As at	As at	As at	As at
	31-Aug-12	31-May-12	31-Aug-12	31-May-12
	45.68	43.69	20.55	20.59

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current quarter. (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 three months ended 31 August 2012 ("1Q13") decreased 16.5% to \$113.4 million from \$135.8 million registered in the corresponding period last year ("1Q12"). The decrease in the Group revenue was mainly due to the decrease in revenue from the property development division. According to INT FRS 115's accounting treatment for industrial property, revenue from such development will only be recognised upon receipt of Temporary Occupation Permit ("TOP"). As such the Group will recognise its revenue for M Space in FY14.

Cost of sales decreased in line with the revenue decrease. As such, gross profit decreased by 22.4% to \$15.9 million from \$20.5 million in 1Q12.

Taking into account the decrease in other operating income that was mainly due to the sale of the property at New Industrial Road in 1Q12 and taxation, the Group recorded a 45.3% decrease in profit after tax to \$10.6 million for 1Q13, compared to \$19.3 million for 1Q12.

**B) Financial Position Statements**

Long term investment properties increased to \$89.7 million in 1Q13 from \$66.2 million in FY2012 due mainly to progressive payments for the residential properties 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.

Development properties increased from \$96.7 million to \$184.5 million in 1Q13 which was mainly due to increase in costs incurred mainly for Spottiswoode Suites formerly known as Dragon Mansion 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 a jointly-controlled entity of \$26.4 million at the Company level and \$4.2 million at the Group level in 1Q13 was mainly due to Company's contribution to the jointly-controlled entity, Spottiswoode Development Pte Ltd to redevelop the property known as Spottiswoode Suites formerly known as Dragon Mansion.

Total borrowings increased from \$111.1 million to \$209.1 million in 1Q13 mainly due to bank borrowings to finance the development projects at Spottiswoode Suites formerly known as Dragon Mansion and Hougang Plaza.

**C) Cash Flow Statements**

Net cash used in operating activities increased to \$70.3 million in 1Q13 was mainly due to higher net working capital outflow arising from the acquisitions and development of the development projects at Hougang Plaza and Spottiswoode Suites formerly known as Dragon Mansion.

Net cash used in investing activities increased to \$25.5 million in 1Q13 was mainly attributable to the purchase of vessels, plant and equipment and progressive payments for investments in residential properties as well as development cost incurred for the workers' dormitory and the reclassification of development cost for vacant land at Mandai Estate to investment property.

Net cash generated from financing activities increased to \$93.4 million in 1Q13 was mainly attributable to increase in bank loans used to finance the acquisitions and development of development projects at Hougang Plaza and Spottiswoode Suites formerly known as Dragon Mansion.

Overall, cash and cash equivalents stood at \$184.3 million as at 31 August 2012, representing an improvement of \$2.9 million from \$181.4 million as at 31 August 2011.



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

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

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

BCA forecasts average annual construction demand in 2012 to be \$22 billion to \$28 billion and forecasts for 2013 and 2014 to be \$19 billion to \$27 billion. This reflects continued and sustained construction workload for the construction industry. In view of the forecasts, the Group is still cautiously optimistic of the outlook for the construction industry for the next 12 months.

As at 31 August 2012, the Group's order book stood at \$650 million which will provide it with a sustainable flow of activities.

URA's 3Q2012 flash estimate showed prices of private residential properties rose 0.5% compared to 0.4% increase in the previous quarter. This reflects the strong demand for quality well-located residential properties in Singapore. The Group will be launching in due course its 50%-owned joint venture residential development known as Spottiswoode Suites, formerly known as Dragon Mansion at Spottiswoode Park and another 50%-owned joint venture mixed development project known as Hougang Plaza at Hougang Avenue.

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.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend recommended for the current financial period reported on?**

None

**(b) Corresponding Period of the Immediately Preceding Financial Year.**

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

None.

**(c) Date payable.**

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

**(d) Books closure date.**

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

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

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

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

Not applicable as no IPT mandate has been obtained.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

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

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

Not applicable

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

Not applicable

- 16 A breakdown of sales.**

Not applicable

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

Not applicable

**BY ORDER OF THE BOARD**

Ong Pang Aik  
Chairman and Managing Director  
10-Oct-2012

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

**For the announcement of unaudited financial statements  
for the first quarter ended 31 August 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 first quarter financial results for the period ended 31 August 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

10 October 2012