聯明集團有限公司
LIAN BENG GROUP LTD

Breaking New Ground

Annual Report 2008


Kovan Residences (Artist's Impression)

Mission Statement

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

Contents

Chairman's Statement

Dear Shareholders

It is our pleasure to present our Annual Report for the Financial Year ended 31 May 2008 ("FY08").

FY08 has been a robust year for the Group as well as the construction industry in Singapore. With the increase in the number of projects secured, Lian Beng achieved a revenue growth of 40% to S$194.8 million in FY2008 compared to the previous financial year ("FY07"), and reaped a record gross profit of S$29.2 million, a 177% surge from its performance in FY07.

Our net profit surged 175% from $4.4 million in FY07 to $12.0 million in FY08. Earnings per share rose to 2.39 cents in FY08, which was a significant improvement from the previous financial year.

In view of the excellent performance, and in appreciation for the continuous support of all our shareholders, the Board has recommended a first and final (tax exempt one-tier) cash dividend of 0.472 cents per ordinary share. The proposed dividends will be paid on 16 October 2008 if approved at the forthcoming Annual General Meeting.

The construction division, our key growth driver, clinched a sizeable number of building contracts during the financial year, counting among these, the construction of the hotel substructure for the Marina Bay Sands Integrated Resort Development and the proposed condominium development for Kovan Residences.

During FY08, several strategic partnerships were formed in relation to the property development business, which allowed the Group to have equity participation and at the same time, secure building construction contracts from these developments, thus allowing the Group to receive earnings on both fronts.

> *Our net profit surged 175% from $4.4 million in FY07 to $12.0 million in FY08. Earnings per share rose to 2.39 cents in FY08, which was a significant improvement from the previous financial year.*

Two share placement exercises were carried out and completed on 2 October 2007 and 12 December 2007 respectively. The first exercise was for the placement of 40 million shares at a price of S$0.425 per share and the second exercise was for 35 million shares at S$0.68 per share.

S$14.5 million from the net proceeds of first placement were used to finance the development of properties at Lincoln Lodge and Mountbatten, with the remaining S$1.95 million disbursed to the Group as working capital and business expansion purposes. Approximately S$12.5 million of the net proceeds from the second placement were allotted for the expansion of the Group's property development business and about S$10 million were used to discharge a bridging loan in relation to the development of Kovan property project.

Media statement by the Building & Construction Authority (dated 22 July 2008) continue to paint a positive picture of the construction sector, with construction demand estimated to reach between S$23.0 and S$27.0 billion for 2008. Some S$4.7 billion worth of public sector projects was postponed to ease the constraint on construction resources, and ensure a better spread of construction activities beyond 2009.

In view of this, our construction division should continue to be the key growth driver for the financial year ending 31 May 2009 ("FY09"). We will capture more opportunities to maintain our competitiveness through selective tenders and continue to strengthen our alliance with strategic business partners.

Despite the cooling off in residential property prices, we are cautiously optimistic that the residential property market will be positively stable in FY2009. In this regard, we expect to adopt a prudent and selective approach towards our investments in the property development business for the next financial year.

On behalf of the Board, we would like to acknowledge the support of our customers, business associates, all employees and fellow directors for their diligence, commitment and contributions to the Group.

MR ONG PANG AIK BBM
Chairman and Managing Director

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本人谨向各位股东发布联明集团截至2008年5月31日的常年业务报告。

2008年财政年对本集团以及新加坡建筑行业来说都是硕果累累的一年。随着新获建筑工程数量的增加，联明2008年财政年的总营业额与2007年财政年相比，迎来了40%的增长，达到1亿9,480万新元。本集团也记录性地创造了2,920万新元的毛利润；比起2007年财政年上扬了177%，业绩突飞猛进。

集团在2008年财政年的净利也从2007年财政年的440万新元增加175%至1,200万新元。每股收益则大幅攀升至2.39分。

鉴于集团的亮丽业绩，并为了答谢各位股东一直以来的支持，董事会将为每股普通股发放0.472分的免税股息。如在即将来临的常年股东大会获得批准，股息将于2008年10月16日派发。

本集团的建筑部门在2008年财政年度争取到多个建筑合同，成绩彪炳，对集团业绩增长居功至伟。其中，尤以滨海湾金沙综合娱乐城酒店地底结构建设工程以及位于高文的高级公寓发展项目最为引人瞩目。

2日和同年12月12日分别完成了两项配股活动。第一次发行了4,000万股，每配股0.425新元；第二次则是3,500万股，每配股0.68新元。

从第一次配股所筹募的净收益中，1,450万新元被用做位于纽顿路与蒙巴登路产业的发展资金。剩余的195万新元则划拨为集团的日常运作开销。第二次配股中约1,250万新元的净收益则用于集团房地产部门的扩充金费。所剩的1,000万余新元则拨用于偿还位于高文路的一项公寓发展项目中的过渡性贷款。

新加坡建设局在2008年7月22日的一项报告中，依旧对本地建筑业持有正面的乐观态度，并预计2008年本地全年总建筑需求量将达到230至270亿新元。此外，有关当局也将一些总值47亿新元的公共事业建筑项目推迟举行；这将纾缓本地目前建筑资源高需求量的局面以及确保在2009年后的建筑市场可以继续保持活跃。

Artist's Impression

因此，我相信本集团建筑部门将继续成为集团业绩增长的主要来源。集团将甄选更多更好的商业机会以延续集团的竞争力，并继续加强与商业伙伴间的合作关系。

尽管本地房地产业市场价格开始出现放缓迹象，但我们相信该市场将会以正面与稳健的步伐度过下一个财政年度。联明集团在发展房地产业的业务时，将会以谨慎的态度来挑选最佳的投资良机。

在此，我谨代表董事会向我们的客户、业务伙伴、全体职员以及各位董事致意，对各位为联明齐心协力、竭诚投入所做出的贡献表示衷心地认可与感谢。

王邦益 BBM
主席兼执行董事

Board of Directors

From left to right:
MS ONG LAY HUAN, MS ONG LAY KOON, MR ONG PANG AIK BBM,
DR WAN SOON BEE & MR SITOH YIH PIN

MR ONG PANG AIK BBM

Chairman & Managing Director

Mr Ong Pang Aik joined the Group in 1978, and has been instrumental in nurturing the Group since its early days as a sub-contractor company into an A1-graded building construction enterprise today. Mr Ong was appointed as the Chairman of the Board on 5 March 2003. As the Chairman & Managing Director, he is responsible for the management, business development and overall strategic direction of the Group.

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. He 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 Xinghua 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 Musyarakat — PBM) in 2001 and subsequently The Public Service Star Medal (Bintang Bakti Masyarakat -BBM) award in August 2008.

MS ONG LAY HUAN

Executive Director

Ms Ong Lay Huan joined the Group in 1991, and possesses more than 16 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, project cost and budget management and review and key materials procurement. Ms Ong is also responsible for awarding contracts to suppliers and sub-contractors. In additional, she also assists in reviewing and implementing initiatives that will improve the Group's work processes.

Ms Ong was appointed an executive director of the Board on 20 March 1999 and was last re-elected on 23 September 2005. She holds a Diploma in Quantity Surveying from the Singapore Polytechnic and is a member of the Singapore Institute of Directors.

MS ONG LAY KOON

Executive Director

Ms Ong Lay Koon joined the Group in 1992, and currently 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 activities, as well as for all matters relating to human resource management within the Group.

Ms Ong was appointed an executive director of the Board on 20 March 1999 and was last re-elected on 26 September 2006 and serves on the Nominating, Audit and Remuneration Committees. She holds a Diploma in Civil Engineering from the Singapore Polytechnic and is a member of the Singapore Institute of Directors.

DR WAN SOON BEE

Independent Director

Dr Wan Soon Bee was appointed to the Board on 1 April 1999 and re-elected on 18 September 2007. 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.

MR SITOH YIH PIN

Independent Director

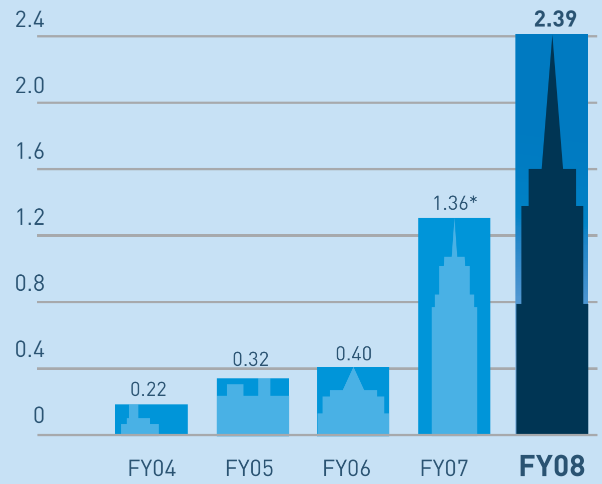
Mr Sitoh was appointed to the Board on 1 April 1999 and was last re-elected on 26 September 2006. He serves as Chairman of the Remuneration Committee and is also a member of the Nominating and Audit Committees. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

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. 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 Bio-Treat Technology Limited, CWT Limited, Fibrechem Technologies Limited, Singxpress Ltd, GKE International Limited, Labroy Marine Limited, Middle East Development Singapore Ltd and WPG International (South Asia) Pte. Ltd.

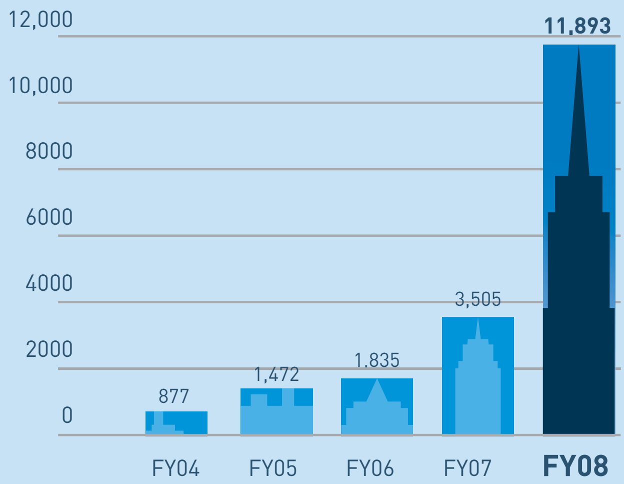
Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is an Associate Member of the Institute of Chartered Accountants in Australia.

Financial Highlights

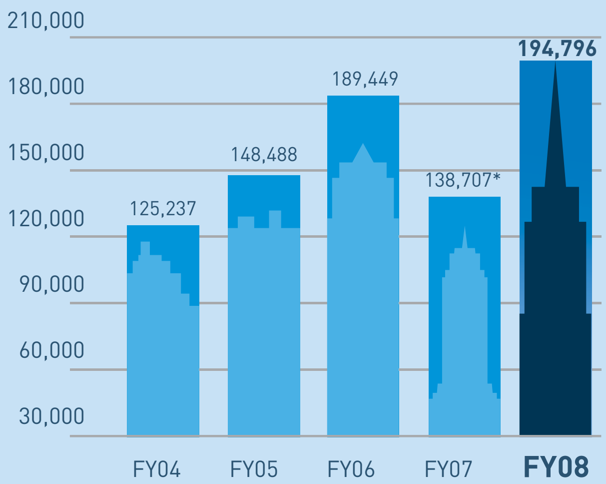
Earnings Per Share (EPS) cents



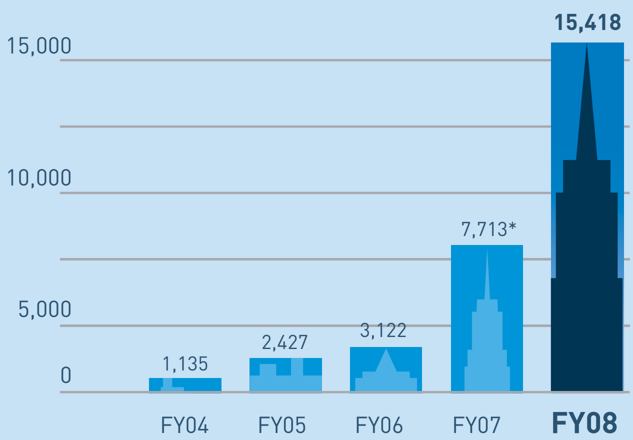
Profit Attributable To Shareholders ($'000)



Turnover ($'000)

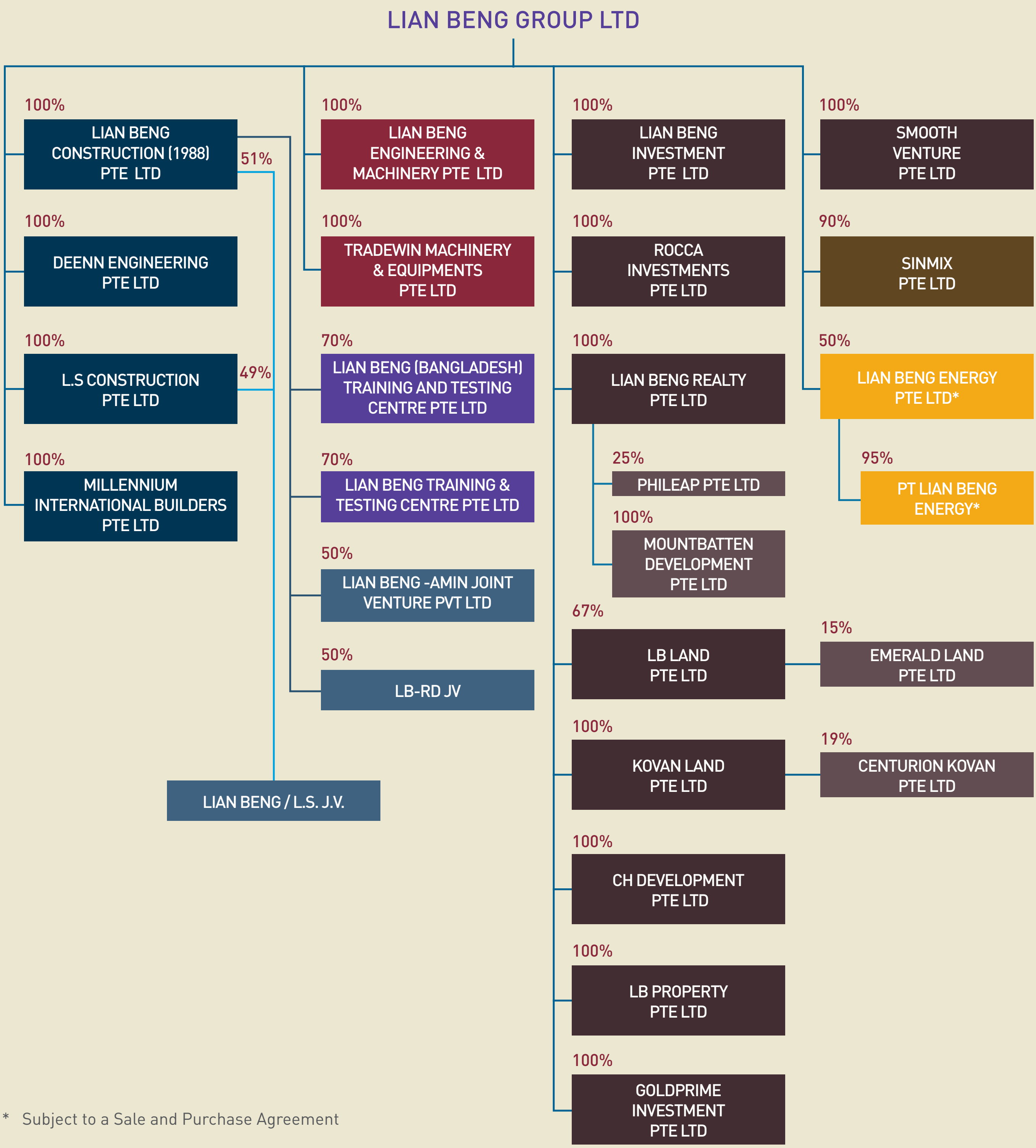


Profit Before Tax ($'000)



* These figures excluded discontinued operations

Group Structure



* Subject to a Sale and Purchase Agreement

Operations Review

CONSTRUCTION

Construction continued to be the Group's key growth driver in FY08 and was dominantly occupied with the construction of residential, commercial and industrial developments.

For FY08, the construction division contributed approximately S$191.6 million, or 98% of the Group's total revenue, an increase of S$67.1 million from FY07. On the back of higher revenue performance, profit before tax from the division was S$15.6 million compared to S$5.8 million in FY07. The significant growth was attributed to the increased activities in the division as well as higher revenue recognition from progressive completion of construction projects.

Current Projects

The Group is making progress for its current construction projects at the proposed development of Grand Duchess at St. Patrick's Road, Ferraria Park at Flora Drive and Park Natura at Bukit Batok East Avenue 6. Works on the proposed condominiums at Jalan Mata Ayer and Sixth Avenue are also on-going. Construction works for the wastewater collection and disposal project in The Maldives is also near to completion.

Sengkang N2C34

Raa Dhuvaafaru, The Maldives

New Contracts

As a testament to our good track records and expertises, the Group clinched new construction contracts in FY08 and first quarter of FY09. These projects include:

- Construction contract for hotel substructure works at Marina Bay Sands Integrated Resort Development, Package 2109
- Proposed industrial building at Paya Lebar iPark, Tai Seng Avenue
- Proposed residential development at Toh Tuck Road, off Upper Bukit Timah
- Proposed Kovan Residences at Kovan Road
- Residential development at 109A Emerald Hill Road
- Residential development at 119A Emerald Hill Road
- Proposed residential flat at Keng Chin Road/ Ewe Boon Road
- Proposed condominium at Amber Road
- NEWater Infrastructure Plan (NIP) Contract PJ1 – Pipe Jacking Works (Part 1)

The NEWater Infrastructure Plan Contract PJ1 is a joint-venture project undertaken by LB-RD JV, a 50%-owned partnership held by Lian Beng Construction (1988) Pte Ltd for the design and construction of the NEWater pipeline running from Changi NEWater Plant to Jurong, Tuas and Jurong Island.

Of the new projects awarded, the 6-month construction contract for the hotel substructure works at Marina Bay Sands Integrated Resort Development was completed in the same financial year.

Completed Projects

During the year, the Group also completed a number of other projects including:

- The Lakeshore Condominium at Boon Lay Way and Jurong West
- 8 @ Mt. Sophia at Mount Sophia
- La Casa Executive Condominium at Woodlands Drive
- Sengkang N2C34, a public residential development awarded by Housing and Development Board at Sengkang

The Group is also close to delivering a building project involving the design and construction of 600 single-storey houses for Raa Dhuvaafaru in The Maldives, as well as the construction of community and educational buildings on the same island.

Ground Breaking Ceremony at 109A Emerald Hill Road

Engineering Store at 63 Senoko Drive

ENGINEERING AND LEASING

The Group's engineering and leasing division contributed S$0.6 million or 0.3% to the Group's total revenue for FY08. This division specialises in the leasing of construction machinery and equipment as well as in engineering works such as scaffolding, gondolas and metalform works. Operating under the two subsidiaries, namely Lian Beng Engineering & Machinery Pte Ltd and Tradewin Machinery and Equipments Pte Ltd, the division also provides in-house structural steel and metalworks support to the Group's construction division.

During the financial year, the division completed the erection and dismantling of external scaffolds for Bukit Merah RC36.

REAL ESTATE

In FY08, the real estate division contributed S$2.6 million or 1.4 % of the Group's revenue. Propelled by a dynamic property market throughout the financial year, new strategic alliances with key partners were formed and equity stakes in the following property development projects were acquired by the Group:

- Kovan Residences, a 521-unit condominium development at Kovan Road (19% owned)
- Proposed 40-unit housing development at 109A Emerald Hill (10% owned)
- Purposed condominium on prime freehold Lincoln Lodge site at Khiang Guan Avenue, off Newton Road (25% owned)

The division also acquired a cluster of 8 freehold semi-detached houses along Mountbatten Road for S$42 million and is currently developing a 50-unit condominium development known as Ola Residences @ Mountbatten.

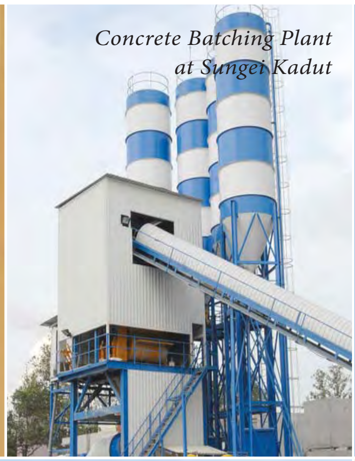
READY-MIXED CONCRETE

In FY08, the Group set up a 90%-owned subsidiary, Sinmix Pte Ltd for the production and supply of ready-mixed concrete.

Sinmix's facility located in Sungei Kadut has been operational since March 2008. The bulk of ready-mix concrete produces is currently used to support the Group's own requirements, with a small amount of the production being supplied to external customers.

The Group is looking forward to increase its ready-mix concrete supply to the construction industry in the longer-term.


OLA Residences @ Mountbatten (Showroom)


Concrete Batching Plant at Sungei Kadut


Kovan Residences (Artist's Impression)

Key Executive Officers

MR ONG PHANG HUI, the Plant & Machinery Director of the Group, undertakes the management of the Group's machinery and engineering division and its scaffolding division. In addition, he is also part of the management team that manages the construction's support and service division.

Upon completing his studies, Mr Ong joins the Group in 1995 and currently serves as the director of Lian Beng Engineering & Machinery Pte Ltd, Tradewin Machinery and Equipments Pte Ltd, Deenn Engineering Pte Ltd, Lian Beng Investment Pte Ltd and Sinmix Pte Ltd.

MR ONG PHANG HOO, the Project Director of the Group, undertakes the portfolio of the Group's foreign labour planning and distribution function as well as to oversee the management of the Group's foreign workers training centre in Bangladesh. In addition, he is also part of the management team that manages the construction division.

Upon completing his studies, Mr Ong joins the Group in 1995 and currently serves as the director of Lian Beng Engineering & Machinery Pte Ltd, Tradewin Machinery and Equipments Pte Ltd, L.S. Construction Pte Ltd, Deenn Engineering Pte Ltd, Lian Beng Investment Pte Ltd, Lian Beng Training & Testing Centre Pte Ltd and Lian Beng-Amin Joint Venture Private Limited.

MS ONG LEE YAP, the Purchasing Director of the Group, oversees the Group's purchasing division. She is also responsible for the Group's inter-companies material and machinery logistics as well as to oversee the administration of the Group's foreign workers payroll.

Since joining the Group in 1988, Ms Ong has gained rich experience in the procurement for construction industry in her position as Purchasing Director. Her well-horned skills and extensive knowledge has enabled her to discharge her responsibilities towards the Group efficiently and effectively.

She currently also serves as a director in Lian Beng Construction (1988) Pte Ltd.

MR CHEW TEOW LEONG, the 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 has had over 15 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, the Director of Deenn Engineering Pte Ltd (Deenn), is part of the management team that manages the construction division. He also provides technical advise to the division's design-and-build functions.

Mr Than joined Deenn in 1994 as a Project Manager and was later promoted to the post of Senior Project Manager in 1998. He was appointed as a Director of Deenn when the Group acquired the company in 2001. Mr Than has had more than 20 years of experience in the construction industry with significant experience as a structural designer, construction re-engineering, project management and management of Design & Build projects.

He holds a Master of Science degree in Structural Engineering from the University of Manchester Institute of Science and Technology (United Kingdom), degree in Civil and Structural Engineering from the Engineering Council (United Kingdom) and a Diploma in Civil and Structural Engineering from the Singapore Polytechnic.

MR JEFFREY TEO WEE JIN, the Director of Lian Beng Construction (1988) Pte Ltd (LBC), forms part of the management team that manages the construction division with special focus on its private residential projects.

He first joined the Group in 1992 as a Project Manager and later re-joined the Group as a Senior Project Manager in 1997. He was promoted to the position of Construction Manager in 2004 and subsequently the Director of LBC in 2008. He also serves as the Managing Director of Lian Beng – Amin Joint Venture Private Limited.

Mr Teo has had more than 20 years of project management experience in the construction industry and has been the key driver in quality initiatives for all the private condominium projects undertaken by the company. His vast experiences in managing condominium projects with the clients' emphasis on the delivery of quality products has enable him to mentor project managers in the setting up of site QA/QC committee and company-wide quality system, coinciding with our organization policy.

MR DAVID GOH TECK ANN, the Director of Sinmix Pte Ltd (Sinmix), is responsible for the overall management of the Company.

He joined Sinmix in June 2007 and has more than 25 years in the ready-mix industry. He is in charge of the overall management of Sinmix's production plant, as well as to liaise with consultants, clients and government agencies and to provide leadership, direction and motivation to its staff and workers.

Mr Goh's experience in the industry has enabled the division to efficiently manage its assets allocation, cost control and to ensure a smooth supply chain with the division's network of customers and suppliers.

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: 6283 1468
Fax: 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
Since Financial Year Ending
31 May 2008

SOLICITORS

WEE WOON HONG & ASSOCIATES
30 Raffles Place #19-04
Chevron House,
Singapore 048622

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD

OVERSEA-CHINESE BANKING CORPORATION LIMITED

UNITED OVERSEAS BANK LIMITED

Corporate Governance

The Company is committed to maintain 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 bi-annually basis and as warranted. Ad hoc meetings are also convened 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.

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 are 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
Mr Ong Pang Aik	2	2	0	0	0	0	0	0
Mr Tan Swee Hong[1]	2	2	0	0	0	0	0	0
Ms Ong Lay Huan	2	2	0	0	0	0	0	0
Ms Ong Lay Koon	2	2	1	1	1	1	2	2
Dr Wan Soon Bee	2	2	1	1	1	1	2	2
Mr Sitoh Yih Pin	2	2	1	1	1	1	2	2

[1]Resigned as Executive Director of the Company on 31 March 2008

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.

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**
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 6 and 7 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 directors' performance criteria are 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, 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**
2. **Dr Wan Soon Bee**
3. **Ong Lay Koon**

The RC Chairman, Mr Sitoh Yih Pin, and Dr Wan Soon Bee are independent and non-executive directors.

The Board is of the view that with Ms Ong Lay Koon's experience, she is in a better 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 comprises a base salary, variable bonus and 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 a separate service agreement with Mr Ong Pang Aik, 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 generally six months or less 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 an 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 2008 is as follows:

Remuneration	**Salary & CPF (%)**	**Bonus & Profit Sharing (%)**	**Other Benefits & Allowances (%)**	**Fees[1] (%)**	**Total (%)**
$750,000 & Above					
Ong Pang Aik	48	32	2	18	100
> $250,000 - $500,000					
Ong Lay Huan	64	12	13	11	100
Ong Lay Koon	74	13	1	12	100
< $250,000					
Tan Swee Hong[2]	91	0	9	0	100
Dr Wan Soon Bee	0	0	0	100	100
Sitoh Yih Pin	0	0	0	100	100

[1]Includes fees for directorships held in the Company's subsidiaries

[2] Mr Tan Swee Hong resigned as the Executive Director of the Company on 31 March 2008

A breakdown, showing the level and mix of the top nine key executives' remuneration payable for the financial year ended 31 May 2008 is as follows:

Remuneration	**Salary & CPF (%)**	**Bonus (%)**	**Other Benefits & Allowances (%)**	**Fees[1] (%)**	**Total (%)**
$250,000 - $500,000					
Ong Phang Hoo [2]	56	19	14	11	100
Ong Phang Hui [2]	63	20	5	12	100
≤ $250,000					
Ong Lee Yap [2]	74	26	0	0	100
Than King Huat	70	18	12	0	100
Teo Wee Jin	60	14	26	0	100
Chew Teow Leong	85	15	0	0	100
David Goh Teck Ann	76	10	14	0	100

[1] Includes fees for directorships held in the Company's subsidiaries

[2] Siblings to Chairman, Mr Ong Pang Aik and directors Ms Ong Lay Huan and Ms Ong Lay Koon whose remuneration exceeded S$150,000 during the financial year ended 31 May 2008

For the financial year ended 31 May 2008, the total remuneration paid to the directors of the Company was S$1,794,161 and the total remuneration paid to the key executives was S$1,302,308.

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 half-yearly 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 the three directors, two of whom are independent and non-executive directors:

1. Dr Wan Soon Bee
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 many 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 holds explicit authority to investigate all matters within its terms of reference, full access to and co-operation 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 two 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 are 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 Company will not be setting up an internal audit team for the time being, having evaluated the benefits thereto in the light of its existing internal controls (including operational controls) and systems and its cost implications.

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 half-yearly basis via the half-yearly 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 "black-out' periods prior to and ending on the date of the announcement of the financial results.

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.

There was no transaction with interested person during the financial year ended 31 May 2008 that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual of the SGX-ST.

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

For the financial year ended 31 May 2008

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 balance sheet, income statement and statement of changes in equity of the Company for the financial year ended 31 May 2008.

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	25,100,800	17,100,800	133,782,400	133,782,400
Ong Lay Huan	6,075,200	7,275,200	–	–
Ong Lay Koon	6,075,200	7,275,200	–	–

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 June 2008.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, 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 or at the end of the 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.

Audit Committee (cont'd)

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 two 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.

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
15 August 2008

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 balance sheets, income statements, 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 2008 and the results of the business, changes in equity 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
15 August 2008

Independent Auditor's Report

To the Members of Lian Beng Group Ltd

We have audited the accompanying financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 33 to 93, which comprise the balance sheets of the Group and the Company as at 31 May 2008, the income statements and statements of changes in equity of the Group and the Company, and 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 judgement, 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.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet 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 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company 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.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore

15 August 2008

Balance Sheets as at 31 May 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	4	23,779	16,478	–	–
Investment properties	5	8,879	8,642	–	–
Intangible assets	6	147	19	–	–
Investments in subsidiaries	7	–	–	28,088	27,638
Investments in jointly-controlled entities	8	–	–	–	–
Other receivables	15	10,835	7,912	2,680	7,912
Investment securities	10	905	1,190	–	–
		44,545	34,241	30,768	35,550
Current assets					
Construction work-in-progress	11	38,180	31,201	–	–
Development properties	12	108,081	–	–	–
Properties held for sale	12	6,154	8,033	–	–
Inventories	13	721	1,571	–	–
Trade receivables	14	56,068	44,034	–	–
Other receivables and deposits	15	28,212	5,750	6,508	1,233
Prepayments		1,396	1,396	3	59
Receivables from related parties	16	13	–	53,422	15,844
Amounts due from jointly-controlled entities	8	19,641	5,834	6	–
Asset held for sale	9	–	–	–	–
Investment securities	10	12	18	–	–
Fixed deposits	17	2,915	3,097	1,169	1,219
Cash and bank balances	18	5,323	7,955	351	107
		266,716	108,889	61,459	18,462
Current liabilities					
Progress billings in excess of construction work-in-progress	11	2,402	4,101	–	–
Trade payables and accruals	19	44,634	43,250	–	–
Other payables and deposits	20	4,063	1,716	330	301
Amounts due to related parties	21	17,340	25	5,607	8,446
Bank overdrafts	22	20,898	15,484	–	–
Bank loans	22	19,672	11,218	1,094	1,063
Bills payable	22	3,625	1,221	–	–
Current portion of obligations under hire purchase	23	1,695	997	–	–
Provision for taxation		3,806	1,692	–	–
		118,135	79,704	7,031	9,810
Net current assets		148,581	29,185	54,428	8,652
Non-current liabilities					
Bank loans	22	80,325	2,910	–	–
Obligations under hire purchase	23	4,244	2,104	–	–
Deferred tax liabilities	24	377	120	–	–
		84,946	5,134	–	–
Net assets		108,180	58,292	85,196	44,202
Equity attributable to equity holders of the Company					
Share capital	25	82,275	42,866	82,275	42,866
Reserves		25,748	15,340	2,921	1,336
		108,023	58,206	85,196	44,202
Minority interests		157	86	–	–
Total equity		108,180	58,292	85,196	44,202

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

Income Statements
for the year ended 31 May 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Continuing Operations					
Revenue	27	194,796	138,707	2,800	4,200
Cost of sales		(165,578)	(128,156)	–	–
Gross profit		29,218	10,551	2,800	4,200
Other operating income	28	2,091	7,005	358	41
Distribution expenses		(183)	(394)	(12)	(16)
Administrative expenses		(8,341)	(5,726)	(481)	(433)
Other operating expenses	28	(5,038)	(2,211)	(18)	(2,525)
Finance costs	30	(2,329)	(1,512)	(62)	(48)
Profit before tax from continuing operations	28	15,418	7,713	2,585	1,219
Taxation	31	(3,390)	(664)	–	(679)
Profit after tax from continuing operations		12,028	7,049	2,585	540
Discontinued Operation					
Loss for the year from discontinued operation		–	(2,683)	–	–
Profit for the year		12,028	4,366	2,585	540
Attributable to:					
Equity holders of the Company		11,893	3,505	2,585	540
Minority interests		135	861	–	–
		12,028	4,366	2,585	540
Earnings per share (Cents)					
Basic and diluted – continuing operations	32(a)	2.39	1.36		
Basic and diluted – discontinued operation	32(b)	–	(0.59)		

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 2008

	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
Group						
Balance at 1 June 2007	42,866	14,657	683	15,340	86	58,292
Foreign currency translation	–	–	12	12	–	12
Net change in fair value adjustment reserve	–	–	(497)	(497)	–	(497)
Net expense recognised directly in equity	–	–	(485)	(485)	–	(485)
Profit for the year	–	11,893	–	11,893	135	12,028
Total recognised income and expense for the year	–	11,893	(485)	11,408	135	11,543
Capital injection by minority shareholders of subsidiaries	–	–	–	–	50	50
Dividends on ordinary shares (Note 42)	–	(1,000)	–	(1,000)	(114)	(1,114)
Issuance of ordinary shares for cash	40,800	–	–	–	–	40,800
Share issue expense	(1,391)	–	–	–	–	(1,391)
Balance at 31 May 2008	82,275	25,550	198	25,748	157	108,180
Balance at 1 June 2006	42,866	12,152	(132)	12,020	4	54,890
Foreign currency translation	–	–	161	161	–	161
Net change in fair value adjustment reserve	–	–	654	654	–	654
Net income recognised directly in equity	–	–	815	815	–	815
Profit for the year	–	3,505	–	3,505	861	4,366
Total recognised income and expense for the year	–	3,505	815	4,320	861	5,181
Dividends on ordinary shares (Note 42)	–	(1,000)	–	(1,000)	–	(1,000)
Acquisition of the remaining minority interests in a subsidiary	–	–	–	–	(779)	(779)
Balance at 31 May 2007	42,866	14,657	683	15,340	86	58,292

Statements of Changes
In Equity for the year ended 31 May 2008

	Attributable to equity holders of the Company		
	Share capital (Note 25) $'000	Accumulated profits $'000	Total equity $'000
Company			
Balance at 1 June 2007	42,866	1,336	44,202
Profit for the year	–	2,585	2,585
Total recognised income and expenses for the year	–	2,585	2,585
Issuance of ordinary shares for cash	40,800	–	40,800
Share issue expense	(1,391)	–	(1,391)
Dividends on ordinary shares (Note 42)	–	(1,000)	(1,000)
Balance at 31 May 2008	82,275	2,921	85,196
Balance at 1 June 2006	42,866	1,796	44,662
Profit for the year	–	540	540
Total recognised income and expenses for the year	–	540	540
Dividends on ordinary shares (Note 42)	–	(1,000)	(1,000)
Balance at 31 May 2007	42,866	1,336	44,202

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 2008

	2008 $'000	2007 $'000
Cash flows from operating activities		
Profit before tax from continuing operations	15,418	7,713
Loss before tax from discontinued operation	–	(2,744)
Profit before tax, total	15,418	4,969
Adjustments for:		
Depreciation of property, plant and equipment	2,290	2,948
Depreciation of investment properties	133	143
Dividend income from investment securities	(24)	(21)
Gain on sale of property, plant and equipment	(231)	(926)
Write-back of impairment loss on investment properties	(370)	(1,700)
Net fair value loss/(gain) on investment securities	6	(11)
Forgiveness of loan from minority shareholder of a subsidiary	–	(2,000)
Negative goodwill	–	(327)
Gain on sale of investment securities	(72)	(199)
Share of loss in jointly-controlled entity	2,450	–
(Write back)/allowance for impairment loss on other receivable	(293)	515
Interest income	(153)	(143)
Interest expense	2,329	1,700
Exchange translation difference	82	(41)
Allowance for impairment on doubtful receivables	41	10
Operating cash flows before changes in working capital	21,606	4,917
Changes in working capital:		
Properties held for sale	1,879	12,276
Development properties	(66,081)	–
Construction work-in-progress	(8,678)	(13,805)
Inventories	850	(2,029)
Trade receivables	(12,075)	7,410
Other receivables and deposits	(17,855)	(4,437)
Prepayments	–	(706)
Trade payables, other payables, accruals and bills payable	4,603	6,565
Balances with related parties	(13,818)	(4,065)
Cash flows (used in)/generated from operations	(89,569)	6,126
Income tax paid	(1,082)	(3,718)
Income tax recovered	63	391
Net cash flows (used in)/generated from operating activities	(90,588)	2,799
Cash flows from investing activities		
Interest received	153	143
Dividend income from investment securities	24	21
Purchase of property, plant and equipment (Note A)	(5,840)	(1,127)
Proceeds from disposal of property, plant and equipment	503	1,703
Additional investments in subsidiaries	–	(201)
Additional investments in investment securities	(341)	–
Amount due from long term other receivable	(8,155)	–
Net cash outflow on acquisition of a subsidiary (Note 7)	(2,017)	–
Disposal of jointly-controlled entity	–	(758)
Proceeds from disposal of investment securities	202	320
Proceeds from capital reduction for investment securities	–	13
Net cash flows (used in)/generated from investing activities	(15,471)	114

Consolidated Cash Flow
Statement for the year ended 31 May 2008(cont'd)

	2008 $'000	2007 $'000
Cash flows from financing activities		
Interest paid	(2,329)	(1,700)
Repayment of hire purchase creditors	(1,256)	(974)
Proceeds from bank loans	51,023	3,068
Repayment of bank loans	(5,265)	(11,944)
Fixed deposits pledged to bank	(1,120)	(659)
Proceeds from issue of new ordinary shares (Note 25)	40,800	–
Share issue expense (Note 25)	(1,391)	–
Proceeds from capital injection from minority shareholders of subsidiaries	50	–
Loan from previous joint venture partner	–	1,010
Loan from shareholders of a jointly controlled entity	14,568	–
Loan from minority shareholder of a subsidiary company	2,745	–
Dividend paid to a minority shareholder of a subsidiary company	(114)	–
Dividend paid on ordinary shares	(1,000)	(1,000)
Net cash flows generated from/(used in) financing activities	96,711	(12,199)
Net decrease in cash and cash equivalents	(9,348)	(9,286)
Cash and cash equivalents at beginning of the year	(6,216)	3,070
Cash and cash equivalents at end of the year (Note 18)	(15,564)	(6,216)

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $9,934,000 (2007: $1,657,000) of which $4,094,000 (2007: $530,000) were acquired by means of hire purchase arrangements. Cash payments of $5,840,000 (2007: $1,127,000) were made to purchase plant and equipment.

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

Notes to the Financial Statements 31May 2008

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 financial statements 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.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the change in accounting policies discussed below.

2.2 Change in accounting policies

On 1 June 2007, the Group adopted new or revised FRS which are effective for the financial period beginning on or after 1 June 2007. Further, the Group adopted interpretation of FRS ("INT FRS") that are mandatory for application in the current financial year.

References		**Description**
FRS 1	:	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)
FRS 40	:	Investment Property
FRS 107	:	Financial Instruments: Disclosures
INT FRS 109	:	Reassessment of Embedded Derivatives
INT FRS 110	:	Interim Financial Reporting and Impairment
INT FRS 111	:	Group and Treasury Share Transactions

The adoption of the above FRS and INT FRS did not have any significant impact to the Group's accounting policies except for FRS 107 and Amendment to FRS 1. FRS 107 and Amendment to FRS 1 introduced new disclosures relating to financial statements and capital management respectively.

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

2.3 Future changes in accounting policies

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date for annual periods beginning on or after
FRS 1	:	Presentation of Financial Statements – Revised Presentation	1 January 2009
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in owners' account will include only details of transactions with owners, with all non-owners changes in equity presented in a single line. In addition, the standard introduces the statement of comprehensive income. It presents all items of income and expenses, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. 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 balance sheet. 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 income statement on the date of acquisition.

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. Summary of significant accounting policies (cont'd)

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 income statement and within equity in the consolidated balance sheet, 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 Functional and 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 rate of exchange ruling at the balance sheet date. 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 balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements 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 equity relating to that particular foreign operation is recognised in the income statement.

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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured 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 arising on derecognition of the asset is included in the income statement 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

Investment property is derecognised when either it has been disposed 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. Transfers are made to or from investment property only when there is a change in use.

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

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 in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of 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 income statement. 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.

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.

(i) Club membership

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

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

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 income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity 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 be recognised previously. Such reversal is recognised in the income statement 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.

2.12 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.

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. Summary of significant accounting policies (cont'd)

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 balance sheet 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 has been recognised directly in equity is recognised in the income statement.

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

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives or are acquired principally for the purpose of selling or repurchasing it 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 income statement. Net gains or net losses on financial assets at fair value through profit or loss include unrealised fair value changes in quoted equity investment.

(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 income statement 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 directly in the fair value adjustment reserve in equity. The cumulative gain or loss previously recognised in equity is recognised in the income statement 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. Summary of significant accounting policies (cont'd)

2.15 Impairment of financial assets

The Group assesses at each balance sheet date 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 amount of the loss is recognised in the income statement.

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. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(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 income statement, is transferred from equity to the income statement. Reversals of impairment loss in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

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

2.16 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and 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

The accounting policy for recognition of contract revenue is set out in Note 2.27 below. 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 balance sheet date is recorded in the balance sheet at cost plus attributable profit less recognised losses, net of progress claims, and is presented in the balance sheet as "construction work-in-progress" (as an asset) or "excess of progress claims over 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.

Progress claims not yet paid by the customer are included in the balance sheet under "trade receivables". Amounts received before the related work is performed are included in the balance sheet, 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.

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

2.20 Provisions

Provisions are recognised when the Group has a present obligation 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 balance sheet date 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 are recognised on the balance sheet 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.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, 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.

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 at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement 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 income statement.

2.23 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 ready for their intended use or sale.

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

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 balance sheet date.

2.25 Leases

(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 income statement. 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 income statement 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 income statement.

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

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. Foreseeable losses are provided for when the likelihood is anticipated.

(b) Provision of engineering works

Revenue from provision of engineering 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. The percentage recognised is based on the stage of completion certified by architects or quantity surveyors for individual units sold. 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 balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax 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;
- In respect of temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

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

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 balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(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 balance sheet.

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

2.29 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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.

2.31 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 balance sheet 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) Income taxes

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 2008 was $3,806,000 (2007: $1,692,000) and $377,000 (2007: $120,000) respectively.

(ii) Variation orders for contract revenue

The Group has variation orders for its contracts. Profits/(losses) in relation to these variation orders have been recognised based on the best estimates of the management.

(iii) Operating lease commitments – as lessor

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)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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 50 years. The carrying amount of the Group's property, plant and equipment and investment properties at 31 May 2008 were $23,779,000 (2007: $16,478,000) and $8,879,000 (2007: $8,642,000) 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.

(iii) *Impairment of loans and receivables*

The Group assesses at each balance sheet date 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 balance sheet date is disclosed in Notes 14 and 15 to the financial statements.

(iv) *Construction contracts*

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

(v) *Amount due from ex-jointly-controlled entity*

According to the sale and purchase agreement between the Company and Manhattan Resources Limited ("Manhattan"), Manhattan has undertaken to repay the shareholder's loan due to the Group. The Group is still pursuing Manhattan to repay the full amount and are in the view that the full amount is collectible. The carrying amount of the Group's amount due from ex-jointly-controlled entity at 31 May 2008 is $9,474,000 (2007: $9,725,000).

4. Property, plant and equipment

	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles and cabin cruiser $'000	Construction-in-progress $'000	Total $'000
Group								
Cost								
At 1 June 2006, as previously reported	6,860	3,151	13,353	37,917	3,465	3,766	226	68,738
Reclassified to investment properties on adoption of FRS 40	–	(819)	(10,405)	–	–	–	–	(11,224)
At 1 June 2006, restated	6,860	2,332	2,948	37,917	3,465	3,766	226	57,514
Additions	–	–	–	1,017	260	380	–	1,657
Disposals	–	–	–	(1,724)	(1)	(633)	–	(2,358)
Disposal of jointly-controlled entity	–	–	–	(10,565)	(220)	(621)	(226)	(11,632)
Exchange difference	–	–	–	(21)	–	(3)	–	(24)
At 1 June 2007, restated	6,860	2,332	2,948	26,624	3,504	2,889	–	45,157
Additions	–	1	–	8,550	311	1,072	–	9,934
Disposals	–	–	–	(2,138)	(13)	(575)	–	(2,726)
Exchange difference	–	–	–	(121)	(1)	(11)	–	(133)
At 31 May 2008	6,860	2,333	2,948	32,915	3,801	3,375	–	52,232
Accumulated depreciation and impairment								
At 1 June 2006, as previously reported	–	448	4,042	24,463	3,099	2,274	–	34,326
Reclassified to investment properties on adoption of FRS 40	–	(182)	(3,238)	–	–	–	–	(3,420)
At 1 June 2006, restated	–	266	804	24,463	3,099	2,274	–	30,906
Depreciation charge for the year	–	50	134	2,110	151	485	–	2,930
Disposal of jointly-controlled entity	–	–	–	(2,401)	(99)	(297)	–	(2,797)
Disposals	–	–	–	(1,694)	–	(606)	–	(2,300)
Exchange difference	–	–	–	(53)	(1)	(6)	–	(60)
At 1 June 2007, restated	–	316	938	22,425	3,150	1,850	–	28,679
Depreciation charge for the year	–	51	134	1,529	183	394	–	2,291
Disposals	–	–	–	(2,020)	(13)	(421)	–	(2,454)
Exchange difference	–	–	–	(56)	–	(7)	–	(63)
At 31 May 2008	–	367	1,072	21,878	3,320	1,816	–	28,453
Net carrying amount								
At 31 May 2008	6,860	1,966	1,876	11,037	481	1,559	–	23,779
At 31 May 2007	6,860	2,016	2,010	4,199	354	1,039	–	16,478

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

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

	Group	
	2008 $'000	**2007 $'000**
Depreciation for the year	2,291	2,930
Depreciation included in construction work-in-progress	(888)	(513)
Depreciation previously included in construction work-in-progress now charged to the income statement	887	531
Less: Depreciation attributable to discontinued operation	–	(938)
Depreciation charged to the income statement (Note 28)	2,290	2,010

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

Freehold and leasehold properties mortgaged to banks for credit facilities granted to subsidiaries	8,826	8,876
Plant, machinery and motor vehicles acquired under hire purchase arrangements	7,802	4,255

Details of the Group's properties are as follows:

Description	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

5. Investment properties

	Freehold properties $'000	Leasehold properties $'000	Total $'000
Group			
Cost			
At 1 June 2006, as previously reported	–	–	–
Reclassified from property, plant and equipment on adoption of FRS 40	819	10,405	11,224
At 1 June 2006, restated	819	10,405	11,224
Disposals	–	(866)	(866)
At 1 June 2007, restated and at 31 May 2008	819	9,539	10,358
Accumulated depreciation and impairment			
At 1 June 2006, as previously reported	–	–	–
Reclassified from property, plant and equipment on adoption of FRS 40	182	3,238	3,420
At 1 June 2006, restated	182	3,238	3,420
Depreciation for the year	17	126	143
Write-back of impairment loss	–	(1,700)	(1,700)
Disposals	–	(147)	(147)
At 1 June 2007, restated	199	1,517	1,716
Depreciation for the year	16	117	133
Write-back of impairment loss	(100)	(270)	(370)
At 31 May 2008	115	1,364	1,479
Net carrying amount			
At 31 May 2008	704	8,175	8,879
At 31 May 2007	620	8,022	8,642

The freehold and leasehold properties with carrying value of $704,000 (2007: $620,000) and $8,175,000 (2007: $8,022,000) respectively are mortgaged to banks for credit facilities granted to subsidiaries.

The fair value of the investment properties at 31 May 2008 is approximating $13,080,000 (2007: $11,750,000)

5. Investment properties (cont'd)

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

Description	Tenure	Existing Use	Gross Floor Area (square metre)	Interest held by the Group %
A residential condominium unit, #03-02 at Hougang Street 92, Regentville,Singapore	99 years (effective from 24 April 1996)	Residential	91	100
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
A residential condominium unit, #01-02 at 157C Tamarind Road, Serenity Park,Singapore	Freehold	Residential	148	100

6. Intangible assets

(a) Goodwill on consolidation

	Group	
	2008 $'000	2007 $'000
Goodwill arising from consolidation:		
At 1 June	1	–
Additions	128	1
At 31 May	129	1

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 one-year period.

6. Intangible assets (cont'd)

(b) Club membership

	Group	
	2008 $'000	2007 $'000
At cost	36	36
Less: accumulated amortisation and impairment loss	(18)	(18)
	18	18
Total	147	19

7. Investments in subsidiaries

	Company	
	2008 $'000	2007 $'000
Shares, at cost	28,088	27,638

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	
			2008	2007	2008	2007
			%	%	$'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 Machinery and Equipments Pte Ltd **	Sale, rental and maintenance of construction machinery and equipment	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

7. Investments in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %	Cost of investment 2008 $'000	Cost of investment 2007 $'000
Held by the Company						
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
Sinmix Pte Ltd **	Manufacture and supply of concrete	Singapore	90	100	450	–
CH Development Pte Ltd **	Investment holding	Singapore	100	–	# –	–
Kovan Land Pte Ltd **	Investment holding	Singapore	100	–	# –	–
LB Property Pte Ltd ***	Provision of management services	Singapore	100	–	# –	–
Goldprime Investment Pte Ltd ***	Investment holding	Singapore	100	–	# –	–
LB Land Pte Ltd **	Investment holding	Singapore	67	–	# –	–
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	–	–	–
					28,088	27,638

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

7. Investments in subsidiaries (cont'd)

Acquisition of subsidiary company

On 29 January 2008, the Group's subsidiary company, Lian Beng Realty Pte Ltd ("LBR") acquired 100% equity interest in Mountbatten Development Pte Ltd ("Mountbatten").

The fair value of the identifiable assets and liabilities of Mountbatten as at the date of acquisition were:

	Recognised on date of acquisition $'000	Carrying amount before combination $'000
Development property	42,000	40,124
Other payables and accruals	(13,960)	(13,960)
Bank loans	(26,151)	(26,151)
Net identifiable assets	1,889	13
Goodwill arising on acquisition (Note 6)	128	
Cash paid	2,017	

The effect of acquisition on cash flows is as follows:

	$'000
Total consideration for 100% equity interest acquired, representing net cash outflow on acquisition	2,017

8. Investments in jointly-controlled entities

(a) Investments in jointly-controlled entities

	Company	
	2008 $'000	2007 $'000
Shares, at cost	–	2,000
Transfer to asset held for sale (Note 9)	–	(2,000)
	–	–

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

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

Name of Company	Principal activities	Country of incorporation and place of business	2008	2007
			%	%
Held by the Company				
Lian Beng Energy Pte Ltd	Investment holding and the provision of agency services	Singapore	50	50

The jointly-controlled entity (Lian Beng Energy Pte Ltd) has a subsidiary, PT Lian Beng Energy, incorporated in Indonesia, whose principal activity is the provision of contractor services for general mining .

Held by subsidiaries				
Lian Beng – Amin Joint Venture Private Limited *	General building construction & civil engineering works	Republic of Maldives	50	50
Phileap Pte Ltd **	Property developer	Singapore	25	–

During the financial year, the Group acquired a 25% equity interest in Phileap Pte Ltd, through a subsidiary, for a cash consideration of $250,000. Phileap Pte Ltd was incorporated on 26 April 2007. The Group, together with three other unrelated parties, has equal shareholding in Phileap Pte Ltd.

* Audited by an associated firm of Ernst & Young LLP, Singapore
**Audited by Ernst & Young LLP, Singapore

(b) Amounts due from jointly-controlled entities

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade	4,624	5,776	–	–
Non-trade	15,017	58	6	–
	19,641	5,834	6	–

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	
	2008 $'000	2007 $'000
Assets and liabilities :		
Current assets	67,206	7,108
Non-current assets	453	834
Total assets	67,659	7,942
Current liabilities	(24,870)	(6,869)
Non-current liabilities	(43,858)	–
Total liabilities	(68,728)	(6,869)
Income and expenses :		
Income	8,318	8,189
Expenses	(10,722)	(7,058)

9. Asset held for sale

	Group and Company	
	2008 $'000	2007 $'000
Investments in jointly-controlled entity :		
Shares, at cost	2,000	2,000
Less: Impairment loss	(2,000)	(2,000)
	–	–

On 27 July 2007, the Company entered into a sale and purchase agreement whereby the Company will sell its 50% interests in Lian Beng Energy Pte Ltd ("LBE") to Manhattan Resources Limited ("Manhattan") 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.

The agreement entered stipulate 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.

During the current financial year, 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. The sale and purchase agreement remains uncompleted as at date of audit report.

The Group is still pursuing Manhattan to fulfil the terms of the agreement.

10. Investment securities

	Group	
	2008 $'000	2007 $'000
(a) Non-current		
Available-for-sale financial assets		
Quoted equity investments	415	1,040
Unquoted equity investments	490	150
	905	1,190
(b) Current		
Held for trading investments		
Quoted equity investments	12	18

11. Construction work-in-progress

	Group	
	2008 $'000	2007 $'000
Construction costs	813,662	712,946
Attributable profits less recognised losses	56,591	39,319
	870,253	752,265
Progress billings	(834,475)	(725,165)
	35,778	27,100
Represented by:		
Construction work-in-progress	38,180	31,201
Progress billings in excess of construction work-in-progress	(2,402)	(4,101)
	35,778	27,100

The following were capitalised in construction costs during the year:

	2008 $'000	2007 $'000
Depreciation of plant and machinery	888	513
Staff costs	11,378	8,066
Operating lease expenses	1,636	878

12. Development properties/properties held for sale

	Group 2008 $'000	Group 2007 $'000
(a) Development properties		
Freehold land, at cost	120,628	16,279
Development expenditure	14,748	13,143
Interest costs	3,721	1,648
Property tax	286	232
	139,383	31,302
Foreseeable losses	(594)	(895)
	138,789	30,407
Progress billings	(24,554)	(22,374)
	114,235	8,033
Less: Transfer to properties held for sale	(6,154)	(8,033)
	108,081	–
(b) Properties held for sale	6,154	8,033

Properties held for sale and development properties with carrying amount of $6,154,000 (2007: $8,033,000) and $108,081,000 (2007: Nil) 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 $854,000 (2007: Nil per annum). Interest ceases to be capitalised when the temporary occupation permit (TOP) has been obtained.

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 2008 %	Interest held by the Group 2007 %
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 development of 3 blocks of 5 storey residential building with basement and attic at Mountbatten Road, Singapore	Freehold	4,443	Awaiting statutory approval	100	–
Proposed condominium housing development of 2 blocks of highrise residential flats with sky garden at Lincoln Lodge, Singapore	Freehold	5,573	Awaiting statutory approval	25	–

The Group uses the percentage of completion method for recognising revenue from development properties. There is no profit recognised during the year as the development properties have not commenced construction. If the Group had adopted the completion of construction method, the impact on the financial statements will be the same.

13. Inventories

	Group 2008 $'000	Group 2007 $'000
Balance sheet:		
Raw materials (at cost)	721	1,571
Income statement:		
Inventories recognised as an expense in cost of sale	8,966	2,171

14. Trade receivables

	Group 2008 $'000	Group 2007 $'000
Trade receivables	35,366	30,868
Retention monies on construction contracts	24,197	17,181
	59,563	48,049
Less: Allowance for doubtful receivables	(3,495)	(4,015)
	56,068	44,034

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 values on initial recognition.

As at 31 May 2008, $1,574,000 (2007: $1,204,000) of trade receivables are denominated in USD.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $4,374,000 (2007: $4,646,000), that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group 2008 $'000	Group 2007 $'000
Trade receivables past due:		
Lesser than 30 days	947	100
30 to 60 days	43	369
61-90 days	255	67
91-120 days	581	31
More than 120 days	2,548	4,079
	4,374	4,646

14. Trade receivables (cont'd)

Receivables that are impaired

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

	Group			
	Collectively impaired		Individually impaired	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	–	–	3,495	4,050
Less: Allowance for impairment	–	–	(3,495)	(4,015)
	–	–	–	35
Movement in allowance accounts:				
At 1 June	–	–	4,015	4,012
Charge for the year	–	–	41	3
Bad debts written off	–	–	(561)	–
At 31 May	–	–	3,495	4,015

Trade receivables that are individually determined to be impaired at the balance sheet date 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current				
Other receivables	20,497	2,875	4	3
Deposits	1,149	1,583	–	–
Amount due from ex-jointly- controlled entity	6,572	1,298	6,503	1,229
Tax recoverable	1	1	1	1
	28,219	5,757	6,508	1,233
Allowance for doubtful receivables	(7)	(7)	–	–
	28,212	5,750	6,508	1,233

15. Other receivables and deposits (cont'd)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current				
Amount due from an affiliated company	8,155	–	–	–
Amount due from ex-jointly-controlled entity	9,474	9,725	9,405	9,656
Less: Impairment loss	(222)	(515)	(222)	(515)
	17,407	9,210	9,183	9,141
Less: Amount receivable within 12 months	(6,572)	(1,298)	(6,503)	(1,229)
Amount receivable after 12 months	10,835	7,912	2,680	7,912

The amount due from an affiliated company is denominated in Singapore dollars, unsecured, interest-free and has no fixed repayment terms. It is not expected to be repaid in the next twelve months.

16. Receivables from related parties

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

17. Fixed deposits

Fixed deposits, earn interest of 0.86% to 5.05% (2007: 0.875% to 5.05%) per annum (Note 18) and have maturities ranging between 1 week and 3 months (2007: 1 week and 3 months).

18. Cash and cash equivalents

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Fixed deposits (Note 17)	2,915	3,097	1,169	1,219
Cash on hand and at banks	5,323	7,955	351	107
	8,238	11,052	1,520	1,326
Bank overdrafts (secured and unsecured) (Note 22)	(20,898)	(15,484)	–	–
Fixed deposits and cash at banks held as collateral by banks	(2,904)	(1,784)	(1,169)	(1,117)
	(15,564)	(6,216)	351	209

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

Included in cash and cash equivalents are amounts of $466,255 (2007: $441,279) maintained in the non-checking account.

19. Trade payables and accruals

	Group	
	2008	2007
	$'000	$'000
Trade payables	40,510	40,170
Accrued operating expenses	4,124	3,080
	44,634	43,250

Trade payables are non-interest bearing and normally settled on 30-90 days terms. As at 31 May 2008, $54,532 and $4,552 (2007: $14,685 and $30,648) of trade payables are denominated in MRF and USD, respectively.

20. Other payables and deposits

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Refundable deposits	362	231	–	–
Advances received	1,370	891	–	–
Other payables	2,331	594	330	301
	4,063	1,716	330	301

21. Amounts due to related parties

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Amount due to minority shareholder of subsidiaries (non-trade)	2,771	25	–	–
Short-term loans from				
- subsidiaries	–	–	5,607	8,446
- shareholders of jointly-controlled entity	14,569	–	–	–
	17,340	25	5,607	8,446

Group

Short-term loans and non-trade balances from the minority shareholders of subsidiaries and shareholders 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		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Current liabilities					
(a)	Bank overdrafts (Note 18)	20,898	15,484	–	–
(b)	Short-term bank loans				
	- Loan A	1,094	1,063	1,094	1,063
	- Loan B	2,700	4,727	–	–
	- Loan C	1,000	1,000	–	–
	- Loan D	–	1,600	–	–
	- Loan E	1,967	–	–	–
	- Loan F	7,183	–	–	–
	- Loan G	2,300	1,190	–	
	- Loan H	–	1,388	–	–
	- Loan I	824	–	–	–
	- Loan J	1,468	–	–	–
	- Loan K	886	–	–	–
		19,422	10,968	1,094	1,063
Current portion of long-Term bank loans					
	- Loan L	250	250	–	–
		19,672	11,218	1,094	1,063
(c)	Bills payable	3,625	1,221	–	–
Non-current liabilities					
(b)	Long-term bank loans				
	- Later than one year but not later than five years				
	- Loan M	33,807	–	–	–
	- Loan L	1,000	1,000	–	–
	- Loan N	43,858	–	–	–
	- Later than five years				
	- Loan L	1,660	1,910	–	–
		80,325	2,910	–	–

22. Loans and borrowings (cont'd)

(a) Bank overdrafts

Bank overdrafts bear interest of 5.0% to 6.0% (2007: 5.0% to 5.75%) per annum. The bank overdrafts are secured by a subsidiary's leasehold properties with a carrying value of $7,100,000 (2007: $7,191,000), are guaranteed by the Company and are 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 is repayable on demand and secured by fixed deposits and cash at bank of $1,169,000 (2007: $1,117,000). Interest is charged at 1.0% (2007: 1.0%) over the bank's cost of funds per annum. During the financial year, interest was charged at 5.31% to 6.09% (2007: 3.97% to 5.31%) 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 (2007: $8,033,000) and is guaranteed by the Company. Partial sales proceeds from the development property, as and when received, are used to repay the loan. During the financial year, the company used the sales proceed of $7,527,000 to repay the existing loan and additional drawn down of loan from Specific Advance Facility (SAF) extended by bank. Interest is charged at 1.50% (2007: 1.50%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.88% to 4.10% (2007: 4.22% to 5.33%) per annum.

Loan C

The short-term revolving loan is repayable on demand and secured over certain subsidiaries' leasehold and freehold properties with carrying amount of $1,779,000 (2007: $1,451,000). These loans bear interest of 1.50% (2007: 1.50%) above the bank's cost of funds per annum and are guaranteed by the Company. During the financial year, interest was charged at rates ranging from 2.41% to 4.17% (2007: 4.27% to 5.32%) per annum.

Loan D

The short-term revolving loan was repaid on 28 November 2007. The loan was guaranteed by the Company and was secured by a legal charge over a subsidiary's construction contract or contract proceeds of the project and over the project account maintained with the bank.

Interest was charged at 1.50% (2007: 1.50%) above the bank's swap cost of funds per annum. During the financial year interest was charged at rates ranging from 3.81% to 4.27% (2007: 4.0% to 5.05%) per annum.

Loan E

The short-term revolving loans are repayable within 90 days. The loans are guaranteed by the Company and are 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 is charged at 1.50% (2007: Nil) above the bank's swap cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.53% to 4.4% (2007: Nil) per annum.

22. Loans and borrowings (cont'd)

(b) Bank loans (cont'd)

Loan F

The invoice financing or accounts receivables financing loan and Bill Receivable Purchase (BRP) are repayable within 60 to 90 days. They are guaranteed by the Company, 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 is charged at 0.50% (2007: Nil) above the prime rate per annum. During the financial year, interest was charged at 4.75% (2007: Nil) per annum.

Loan G

The revolving credit loan is repayable on demand and is guaranteed by the Company and is 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 is charged at 1.50% above the bank cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.0% to 4.25% (2007: 3.70% to 4.28%) per annum.

Loan H

The short-term revolving loan-bridging finance was repaid on 26 March 2008. 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 2.0% (2007: 2.0%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates tranging from 3.70% to 4.75% (2007: 4.34% to 5.75%) per annum.

Loan I

The short-term revolving loan is repayable by each progress payment received from a subsidiary's construction project.

The loan is secured by a subsidiary's leasehold properties with a carrying value of S$7,100,000 (2007: Nil), a legal assignment of progress payments of a subsidiary's construction project and is guaranteed by the Company. Interest is charged at the prevailing market interest rate to be determined at the time of drawdown.

During the financial year, interest was charged at 3.39% (2007: Nil) per annum.

Loan J

The accounts receivables financing loan is repayable within 90 days and is guaranteed by the Company and is secured by a legal change over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest is charged at 1.50% (2007: Nil) above the bank's cost of funds per annum. During the financial year interest was charged at rates ranging from 2.56% to 4.25% (2007: Nil) per annum.

Loan K

The short-term revolving loan is repayable within 60 days. The loan is guaranteed by the Company and is secured by a legal charge over a subsidiary's construction contract or contract proceeds of the project and over the project account maintained with the bank. Interest is charged at 1.50% (2007: Nil) above the bank's swap cost of funds per annum. During the financial year interest was charged at 2.57% (2007: Nil) per annum.

22. Loans and borrowings (cont'd)

(b) Bank loans (cont'd)

Loan L

The long-term loan is secured over a subsidiary's freehold land and building with carrying amount of $8,826,000 (2007: $8,876,000) 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% (2007: 1.75%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 3.99% to 4.20% (2007: 3.99% to 5.33%) per annum.

Loan M

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 $44,491,000 (2007: Nil);

(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% per annum over and above SIBOR rate. During the financial year, interest was charged at rates ranging from 2.50% to 2.74% (2007: Nil) 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.

Loan N

The land loan is secured by the following:

(1) The legal mortgage on a jointly controlled entity's development property with carrying amount of $63,590,000 (2007: $Nil)

(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%.

Interest is charged at 1.125% per annum over the relevant S$ Swap Offer Rate. During the financial year, interest was charged at rates ranging from 2.68% to 3.20% (2007: Nil) 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.

(c) Bills payable

Bills payable are repayable within 60 days and are guaranteed by the Company and 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 are charged at 1.50% (2007: 1.50%) above the bank's swap cost of fund or 0.25% (2007: 0.25%) above prime rate per annum. During the financial year, interest was charged at rates ranging from 3.43% to 5.50% (2007: 3.94% to 5.50%) 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 $'000	Interest $'000	Present value of payments $'000
2008			
Not later than one year	1,948	(253)	1,695
Later than one year but not later than five years	4,494	(368)	4,126
Later than five years	122	(4)	118
	6,564	(625)	5,939
2007			
Not later than one year	1,126	(129)	997
Later than one year but not later than five years	2,359	(305)	2,054
Later than five years	62	(12)	50
	3,547	(446)	3,101

Lease terms range from 3 to 7 (2007: 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 4.71% to 6.77% (2007: 4.85% to 6.31%) per annum.

24. Deferred tax liabilities

	Consolidated balance sheet		Consolidated income statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax liabilities				
Differences in depreciation	415	160	255	(76)
Provisions	(38)	(40)	2	(17)
Others	–	–	–	6
Total deferred tax liabilities	377	120		
Deferred income tax expense (Note 31)			257	(87)

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	
	2008 $'000	2007 $'000
Deductible temporary differences	675	895
Tax losses	2,965	3,371
	3,640	4,266

25. Share capital

	Group and Company			
	2008		2007	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid :				
At 1 June	454,760	42,866	454,760	42,866
Issuance of ordinary shares for cash	75,000	40,800	–	–
Share issue expense	–	(1,391)	–	–
At 31 May	529,760	82,275	454,760	42,866

On 2 October 2007 and 12 December 2007, the Company issued 40 million and 35 million new ordinary shares at $0.425 and $0.68 per share respectively, for cash via two separate placement exercises. The newly issued shares rank parri passu in all respect with the then existing issued shares.

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.

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	
	2008 $'000	2007 $'000
At 1 June	(23)	(184)
Net effect of exchange differences arising from translation of financial statements of foreign operations	12	161
At 31 May	(11)	(23)

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	
	2008 $'000	2007 $'000
At 1 June	706	52
Net (loss)/gain on fair value changes during the financial year	(497)	654
At 31 May	209	706
Total other reserves	198	683

27. Revenue

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from:				
- construction contracts	188,981	124,087	–	–
- provision of engineering works	434	576	–	–
Rental of plant and machinery	180	245	–	–
Sales of development properties	2,180	12,998	–	–
Maintenance of plant and machinery	–	2	–	–
Civil engineering and other works	125	74	–	–
Income from training of construction workers	908	348	–	–
Office rental income from affiliated companies	6	5	–	–
Office rental income from jointly controlled entity	3	5	–	–
Project management - service income	458	–	–	–
Dividend income from unquoted subsidiaries	–	–	2,800	4,200
Sales of concrete	1,521	–	–	–
Sales of machinery and spare parts	–	367	–	–
	194,796	138,707	2,800	4,200

28. Profit before taxation

Profit before taxation includes the following:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
(a) Other operating income:				
Dividend income				
- long-term quoted equity investments	24	21	–	–
Interest income				
- fixed deposits	112	126	29	41
- bank balances	38	2	36	
- jointly-controlled entity	4	4	–	–
Gain on sale of plant and equipment	157	647	–	–
Gain on sale of plant and equipment				
- jointly-controlled entity	74	279	–	–
Operating lease income				
- affiliated companies	2	2	–	–
- jointly-controlled entity	–	2	–	–
- others	758	452	–	–
Gain on sale of investment securities	72	199	–	–
Fair value gain on investment securities	–	11	–	–
Write back of impairment losses on investment properties	370	1,700	–	–
Negative goodwill	–	327	–	–
Forgiveness of loan from minority shareholder of a subsidiary	–	2,000	–	–
Income due from joint-venture partner	–	918	–	–
Write back impairment loss of other receivable	293	–	293	–
Doubtful debt recovered	69	–	–	–
Others	118	315	–	–
	2,091	7,005	358	41
(b) Other operating expenses:				
Depreciation of property, plant and equipment – office	820	826	–	–
Depreciation of investment properties	133	143	–	–
Loss on foreign exchange	1,041	232	18	10
Fair value loss on investment securities	6	–	–	–
Allowance for doubtful trade and other receivables	41	10	–	–
Impairment loss on other receivable	–	515	–	515
Loss on disposal of jointly-controlled entity	–	–	–	2,000
Share of loss in jointly controlled entity	2,450	–	–	–
Others	547	485	–	–
	5,038	2,211	18	2,525

28. Profit before taxation (cont'd)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
(c) Other expenses:				
Non-audit fees				
- auditors of the Company	180	49	13	4
- other auditors	6	–	–	–
Depreciation of property, plant and equipment – others	1,470	1,184	–	–
Directors' fees to directors				
- of the Company	330	355	120	110
- of the subsidiaries	60	60	–	–
Operating lease expenses	2,553	1,404	–	–
Staff costs (Note 29)	18,833	12,774	–	–

29. Staff costs

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Wages and salaries	16,386	11,071	–	–
Contributions to defined contribution plans	1,399	1,114	–	–
Others	1,048	589	–	–
	18,833	12,774	–	–
Included in staff costs are directors' remuneration payable to:				
- directors of the Company	1,438	1,080	–	–
- directors of the subsidiaries	1,032	665	–	–
- directors of jointly-controlled entity	87	59	–	–
	2,557	1,804	–	–

The directors' remuneration payable to directors of the Company and directors of the subsidiaries excluded other benefits of $26,000 (2007: $23,000) and $25,000 (2007: $17,184) respectively.

30. Finance costs

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Interest expense on:				
- bank loans and bank overdrafts	2,832	1,381	62	48
- hire purchase	351	131	–	–
	3,183	1,512	62	48
Less: Interest expenses capitalised in development properties	(854)	–	–	–
	2,329	1,512	62	48

31. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2008 and 2007 are:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current income tax				
- current income taxation	3,527	551	–	679
- (Over)/under provision in respect of prior years	(394)	200	–	–
Deferred income tax	257	(87)	–	–
Income tax expense recognised in the income statement	3,390	664	–	679

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 2008 and 2007 is as follows:

Profit before taxation	15,418	7,713	2,585	1,219
Income tax using Singapore tax rate of 18% (2007: 18%)	2,775	1,388	465	220
Non-deductible expenses	1,402	171	39	459
Tax exempt income	(255)	(1,113)	(504)	–
Effect of change in tax rate	–	(20)	–	
Utilisation of previously unrecognised deferred tax assets	(141)	(109)	–	–
Deferred tax assets not recognised	29	156	–	–
Consideration for losses transferred in from related company	79	159	–	–
Tax benefit on losses transferred in from related company	(79)	(159)	–	–
(Over)/underprovision of current taxation in respect of prior years	(394)	200	–	–
Others	(26)	(9)	–	
Income tax expense recognised in the income statement	3,390	664	–	679

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdictions.

32. Earnings per share – basic and diluted

(a) Continuing Operations:

Earnings per share from continuing operations is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $11,893,000 (2007: $6,188,000) over 497,765,000 (2007: 454,760,000) shares, being the weighted average number of shares in issue during the year.

(b) Discontinued Operation:

Earnings per share from discontinued operations is calculated based on the Group's net loss attributable to equity holders of the Company for the year of nil (2007: $2,683,000) over 497,765,000 (2007: 454,760,000) shares, being the weighted average number of shares in issue during the year.

33. Significant related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(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 $720,600 (2007: $575,500) 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 (2007: $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 (2007: $2,400) 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 $95,500 (2007: $62,000) from Associated KHL Industries Pte Ltd.

33. Significant related party transactions (cont'd)

	Group 2008 $'000	Group 2007 $'000
(b) Compensation of key management personnel		
Short-term employee benefits	2,972	2,220
Central Provident Fund contributions	124	119
	3,096	2,339
Comprise amounts paid to:		
- Directors of the Company	1,794	1,458
- Other key management personnel	1,302	881
	3,096	2,339

34. Commitments

(a) Capital commitment

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group 2008 $'000	Group 2007 $'000
Capital commitments in respect of plant and equipments	697	1,053

(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 14 years.

Future minimum rentals payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group 2008 $'000	Group 2007 $'000
Not later than one year	841	227
Later than one year but not later than five years	2,387	1,004
Later than five years	3,178	3,455
	6,406	4,686

34. Commitments (cont'd)

(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 balance sheet date are as follows:

	Group	
	2008 $'000	2007 $'000
Not later than one year	450	148
Later than one year but not later than five years	327	79
	777	227

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
2008			
$500,000 and above	1	–	1
$250,000 to $499,999	2	–	2
Below $250,000	1	2	3
	4	2	6
2007			
$500,000 and above	1	–	1
$250,000 to $499,999	1	–	1
Below $250,000	2	2	4
	4	2	6

37. Fair value of financial instruments

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			
	Carrying amount		Estimated fair value	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Hire purchase	5,939	3,101	6,199	3,408

Determination of fair value

Cash and cash equivalents, other financial current assets and liabilities

The carrying amounts approximate their fair values due to the relatively short-term maturity of these financial instruments.

Quoted equity investments

The fair values of quoted equity investments are estimated based on quoted market prices for these investments.

Unquoted equity investments

It is not practicable to determine, with sufficient reliability without incurring excessive costs, the fair value of unquoted equity investments due to the absence of unquoted market prices.

Bank loans

The bank loans bear variable interest rates. Therefore, the carrying values approximate their fair values.

38. Classification of financial instruments

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Investment securities	12	18	–	–
Available-for-sale financial assets				
Investment securities	905	1,190	–	–
Loans and receivables				
Trade receivables	56,068	44,034	–	–
Other receivables and deposits	39,047	13,662	9,188	9,145
Receivables from related parties	13	–	53,422	15,844
Amounts due from jointly-controlled entities	19,641	5,834	6	–
Fixed deposits	2,915	3,097	1,169	1,219
Cash and bank balances	5,323	7,955	351	107
	123,007	74,582	64,136	26,315
Financial liabilities at amortised cost				
Trade payables	44,634	43,250	–	–
Other payables and deposits	4,063	1,716	330	301
Amounts due to related parties	17,340	25	5,607	8,446
Bank overdrafts	20,898	15,484	–	–
Bank loans	99,997	14,128	1,094	1,063
Bills payable	3,625	1,221	–	–
Obligations under hire purchase	5,939	3,101	–	–
	196,496	78,925	7,031	9,810

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 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 and derivative financial instrument), 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 verification procedures. 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 balance sheet date, 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 balance sheets.

Information regarding credit enhancements for trade and other receivables is disclosed in Notes 14 and 15.

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 at the balance sheet date is as follows:

	Group			
	2008		2007	
	$'000	% of total	$'000	% of total
By country:				
Singapore	54,398	97	42,735	97
Maldives	1,670	3	1,299	3
	56,068	100	44,034	100
By industry sectors:				
Construction	54,959	98	37,096	84
Engineering and leasing of construction machinery	616	1	493	1
Property development	493	1	6,445	15
	56,068	100	44,034	100

At the balance sheet date, approximately:

- 63% (2007: 63%) of the Group's trade receivables were due from 5 major customers; and
- 17% (2007: 9%) of the Group's trade and other receivables were due from related parties while 85% (2007: 63%) 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 and derivatives 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 balance sheet date, approximately 35% (2007: 85%) 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. 100% (2007: 100%) of the Company's loans and borrowings will mature in less than one year at the balance sheet date.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2008				2007			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Trade payables and accruals	44,634	–	–	44,634	43,250	–	–	43,250
Other payables and deposits	4,063	–	–	4,063	1,716	–	–	1,716
Amounts due to related parties	17,340	–	–	17,340	25	–	–	25
Bank overdrafts	20,898	–	–	20,898	15,484	–	–	15,484
Bank loans	19,672	80,325	–	99,997	11,218	2,910	–	14,128
Bills payable	3,625	–	–	3,625	1,221	–	–	1,221
Obligations under hire purchase	1,695	4,126	118	5,939	997	2,054	50	3,101
	111,927	84,451	118	196,496	73,911	4,964	50	78,925
Company								
Other payables and deposits	330	–	–	330	301	–	–	301
Amounts due to related parties	5,607	–	–	5,607	8,446	–	–	8,446
Bank loans	1,094	–	–	1,094	1,063	–	–	1,063
	7,031	–	–	7,031	9,810	–	–	9,810

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

(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 balance sheet date, if SGD interest rates had been 75 (2007: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $324,000 (2007: $222,000) 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 $582,000 (2007: Nil) lower/higher.

(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 balance sheet date, such foreign currency balances (mainly in USD) amount to $2,489,000.

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 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 and equity.

		2008		2007	
		Profit net of tax	Equity	Profit net of tax	Equity
		$'000	$'000	$'000	$'000
EURO	- strengthened 3% (2007: 3%)	(20)	–	(18)	–
	- weakened 3% (2007: 3%)	20	–	18	–
USD	- strengthened 10% (2007: 10%)	796	(263)	872	215
	- weakened 10% (2007: 10%)	(796)	263	(872)	(215)

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 2008 and 31 May 2007.

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.

	Group	
	2008 $'000	**2007 $'000**
Bank overdrafts (Note 22)	20,898	15,484
Bank loans (Note 22)	99,997	14,128
Bills payable (Note 22)	3,625	1,221
Obligations under hire purchase (Note 23)	5,939	3,101
Trade payables and accruals (Note 19)	44,634	43,250
Other payables and deposits (Note 20)	4,063	1,716
Amount due to related parties (Note 21)	17,340	25
Less: Cash and cash equivalents (Note 18)	(8,238)	(11,052)
Net debt	188,258	67,873
Equity attributable to the equity holders of the Company	108,023	58,206
Less: Fair value adjustment reserve (Note 26)	(209)	(706)
Total capital	107,814	57,500
Capital and net debt	296,072	125,373
Gearing ratio	64%	54%

41. Group segment reporting

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group comprises the following main business segments:

Construction	General construction of building, provision of civil engineering works and training of construction workers and manufacturing and supply of concrete.
Engineering and leasing of construction machinery	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment.
Property development	Development of properties and property management services.
Investment holding	Investment and management of properties.

Geographical segments

The Group operates in Singapore and Maldives.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

41. Group segment reporting (cont'd)

(a) Analysis by business segments

	Construction $'000	Engineering and leasing of construction machinery $'000	Property development $'000	Investment holding $'000	Elimination $'000	Group $'000
2008						
Revenue :						
Revenue from external customers	191,553	596	2,638	9	–	194,796
Inter-segment revenue	664	7,119	–	3,085	(10,868)	–
Total revenue	192,217	7,715	2,638	3,094	(10,868)	194,796
Results :						
Segment results	17,322	848	238	(294)	(575)	17,539
Finance costs	(1,772)	(66)	(245)	(246)	–	(2,329)
Unallocated interest and investment income						208
Profit before taxation						15,418
Taxation						(3,390)
Profit for the year						12,028
2007						
Revenue :						
Revenue from external customers	124,454	1,245	12,998	10	–	138,707
Inter-segment revenue	77	5,431	–	4,425	(9,933)	–
Total revenue	124,531	6,676	12,998	4,435	(9,933)	138,707
Results :						
Segment results	6,670	430	2,248	(878)	398	8,868
Finance costs	(823)	(25)	(445)	(219)	–	(1,512)
Unallocated interest and investment income						357
Profit before taxation						7,713
Taxation						(664)
Profit for the year from continuing operations						7,049
Loss from discontinued operation						(2,683)
Profit for the year						4,366

41. Group segment reporting (cont'd)

(a) Analysis by business segments (cont'd)

	Construction	Engineering and leasing of construction machinery	Property development	Investment holding	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2008						
Assets and liabilities :						
Segment assets	154,737	11,901	137,009	88,645	(84,863)	307,429
Unallocated assets						3,832
Total assets						311,261
Segment liabilities	104,353	7,030	131,020	5,906	(51,504)	196,805
Unallocated liabilities						6,276
Total liabilities						203,081
Other segment information :						
Capital expenditure	9,221	1,289	106	3	(685)	9,934
Other non-cash expenses/(income)	2,485	6	–	(293)	–	2,198
2007						
Assets and liabilities :						
Segment assets	121,590	10,166	17,405	47,370	(57,706)	138,825
Unallocated assets						4,305
Total assets						143,130
Segment liabilities	83,765	5,947	17,011	5,041	(30,801)	80,963
Unallocated liabilities						3,875
Total liabilities						84,838
Other segment information :						
Capital expenditure	1,235	331	–	–	91	1,657
Other non-cash expenses	10	–	–	515	–	525

41. Group segment reporting (cont'd)

(b) Analysis by geographical segments

	Singapore $'000	Indonesia $'000	Maldives $'000	Elimination $'000	Group $'000
2008					
Revenue :					
Revenue from external customers	186,735	–	8,272	(211)	194,796
Other segment information:					
Segment assets	309,366	–	3,291	(5,228)	307,429
Unallocated assets					3,832
Total assets					311,261
Capital expenditure by geographical area	9,891	–	70	(27)	9,934
2007					
Revenue :					
Revenue from external customers	130,685	9,852	8,153	(131)	148,559
Less: Revenue attributable to discontinued operation	–	(9,852)	–	–	(9,852)
Revenue from continuing operations	130,685	–	8,153	(131)	138,707
Other segment information:					
Segment assets	137,676	–	7,275	(6,126)	138,825
Unallocated assets					4,305
Total assets					143,130
Capital expenditure by geographical area	1,189	–	423	45	1,657

42. Dividends

	Group and Company	
	2008 $'000	2007 $'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Final dividend for 2007: 0.05 cents net of tax and 0.17 cents exempt (one-tier) per share	1,000	–
- Final dividend for 2006: 0.275 cents per share less tax at 20%	–	1,000
	1,000	1,000
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2008: 0.472 cents per share (2007: 0.05 cents net of tax and 0.17 cents exempt (one-tier)) per share	2,500	1,000

43. Events occurring after the balance sheet date

On 4 August 2008, the Group has incorporated a subsidiary company in Singapore, named Millennium International Builders Pte. Ltd. ("Millennium"). Millennium has an initial issued and paid up capital of S$100 divided into 100 ordinary shares and will be principally engaged in general building and civil engineering services.

44. Authorisation of financial statements

The financial statements for the year ended 31 May 2008 were authorised for issue in accordance with a resolution of the directors on 15 August 2008

Statistics of Shareholdings as at 20 August 2008

SHARE CAPITAL

Issued and fully paid-up capital - S$ 83,666,121.52
Number of shares – 529,760,000
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 66.56% of the issued ordinary shares of the Company were held in the hands of the public as at 20 August 2008 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	9	0.10	3,880	0.00
1,000 - 10,000	5,127	55.03	33,350,679	6.30
10,001 - 1,000,000	4,151	44.55	183,472,201	34.63
1,000,001 and above	30	0.32	312,933,240	59.07
Total	**9,317**	**100.00**	**529,760,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	Number of Shares Held	%
1	Ong Sek Chong & Sons Pte Ltd	133,782,400	25.25
2	Morgan Stanley Asia (Singapore) Pte Ltd	43,653,000	8.24
3	Citibank Nominees Singapore Pte Ltd	11,012,000	2.08
4	Royal Bank of Canada (Asia) Ltd	9,250,000	1.75
5	DBS Nominees Pte Ltd	8,534,516	1.61
6	Raffles Nominees Pte Ltd	8,179,000	1.54
7	Ong Pang Aik	8,150,800	1.54
8	HL Bank Nominees (S) Pte Ltd	7,950,000	1.50
9	United Overseas Bank Nominees Pte Ltd	7,614,000	1.44
10	Ong Lay Huan	6,475,200	1.22
11	UOB Kay Hian Pte Ltd	6,265,000	1.18
12	DBS Vickers Securities (S) Pte Ltd	6,229,398	1.17
13	CIMB-GK Securities Pte Ltd	6,027,000	1.14
14	Kim Eng Securities Pte Ltd	5,923,000	1.12
15	Ang Mui Geok	5,728,799	1.08
16	OCBC Securities Private Limited	5,614,000	1.06
17	Wong Poh Leng	4,450,000	0.84
18	Phillip Securities Pte Ltd	4,335,000	0.82
19	Hong Leong Finance Nominees Pte Ltd	4,093,000	0.77
20	HSBC (Singapore) Nominees Pte Ltd	2,944,927	0.56
		296,211,040	**55.91**

Statistics of Shareholdings as at 20 August 2008

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares	%	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

LIAN BENG GROUP LTD
Registration No. 199802527Z

NOTICE IS HEREBY GIVEN that the Tenth 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 Thursday, 25 September 2008 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 May 2008 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final (tax exempt one-tier) dividend of 0.472 cents per ordinary share for the financial year ended 31 May 2008. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-

   Ms Ong Lay Huan **(Resolution 3)**
   Mr Sitoh Yih Pin **(Resolution 4)**

   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.
4. To approve the payment of Directors' fees of S$120,000 (2007:S$110,000) for the financial year ended 31 May 2008. **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS:-

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue Shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares and convertible securities issued pursuant to such authority shall not exceed 50% of the issued share capital of the Company, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed 20% of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or on the date by which the next Annual General Meeting is required by law to be held, which is earlier. [see explanatory note] **(Resolution 7)**

7. 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

10 September 2008

EXPLANATORY NOTE:

The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total fifty per cent (50%) of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed twenty per cent (20%) of the issued capital of the Company. The percentage of issued capital is based on the Company's issued capital at the time the proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or employee share options on issue at the time the proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a General Meeting, expire at the Company's next Annual General Meeting or on the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

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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Proxy Form

ANNUAL GENERAL MEETING

LIAN BENG GROUP LTD

Registration No. 199802527Z
(Incorporated in the Republic of Singapore)

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 Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and/or

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

and my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held on Thursday, 25 September 2008 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 2008		
2.	Payment of proposed first and final dividend		
3.	Re-election of Ms Ong Lay Huan as a Director		
4.	Re-election of Mr Sitoh Yih Pin as a Director		
5.	Approval of Directors' fees amounting to S$120,000		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7.	Authority to allot and issue shares		

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

Dated this ______________ day of ______________ 2008.

Total number of shares held

____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

3. A proxy need not be a member of the Company.

4. 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 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

5. This proxy form 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 set for the Meeting.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form 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.

7. Where this proxy form 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 this proxy form, failing which this proxy form shall be treated as invalid.

General

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

LIAN BENG GROUP LTD

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