Annual Report 2009

聯明集團有限公司

LIAN BENG GROUP LTD

Contents

Mission Statement

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

Chairman's Statement

"As a good corporate citizen, we make it our business to protect and to conserve the environment and its natural resources."

Dear Shareholders

I am pleased to present Lian Beng Group's Annual Report for the Financial Year ended 31 May 2009 ("FY09").

FY09 was an eventful year for us. We witnessed a rapid unveiling of a global recession, together with the fall of stock markets around the world. Due to uncertainties in the economic conditions, the construction market was significantly softer, particularly in the second half of the financial year. Raw material cost also fluctuated significantly in the course of the year.

Despite this challenging operating environment, Lian Beng was able to achieve a commendable set of results, with a healthy 58% growth in Group revenue to $308.4 million. This was on the back of increased activities during the year as we made good progress in the various projects under construction. Through prudent cost management, we were able to deliver sustainable profit growth for the sixth consecutive year. Net profit rose 43% to S$17.2 million, from $12.0 million reported in the previous financial year ("FY08").

Along with a 34% improvement in earnings per share to 3.21 cents, we also managed to improve on our balance sheet. Net asset value per share also rose 13% to 23.10 cents, while net gearing improved to 0.67 times from 1.13 times in FY08.

Dividends

In view of our positive strong performance, and in appreciation of your support throughout the year, our Board has recommended a first and final cash dividend of 0.4 cents per share, and a special dividend of 0.2 cents per share.

Year in Review

Our expertise in both civil engineering and building construction has helped us to weather the global economic downturn relatively well. Thanks to our experience and wide range of projects that we have handled, we have been able to respond quickly to changes in market demand.

During the year, the Group secured five construction projects. These include a contract to design and construct a NEWater pipeline linking the Changi NEWater plant with Jurong, Tuas and Jurong Island; and another for the development of camp facilities at Kranji for the Defence Science and Technology Agency. The other three contracts were for the construction of private residential developments – The Bellerive, Residences at Emerald Hill, and the prestigious Ritz-Carlton Residences, which was awarded to our newly incorporated subsidiary, Millennium International Builders Pte Ltd.

Millennium was incorporated in August 2008 to strengthen our foothold in the high-end residential sector. Leveraging our established track record and reputation for our ability to handle technically challenging projects, Millennium aims to offer excellence in construction know-how and capabilities beyond what has been achieved by the Group. In addition to technical knowledge and expertise, we are positioning Millennium to carve its niche in the industry by integrating new construction innovation and technology into its projects.

On the property development front, we made strides with the launch of our wholly-owned OLA Residences – a 50-unit freehold condominium located at Mountbatten Road, and 19%-owned Kovan Residences – a 521-unit condominium development at Kovan Road, in mid-2008. Both launches were met with favourable response.

The Group also holds equity stakes in two other condominium plots in Newton district and in a culturally-rich enclave near Orchard Road. These will be re-developed into upscale condominium developments, Lincoln Suites and 111 Emerald Hill, and we will monitor the market carefully in order to launch these projects at an opportune time.

Our business has continued to expand over the years, and this had prompted us to look for a larger office premise. Thus in September 2008, we took the opportunity to purchase a property on 29 Harrison Road, when the building went on the block. The new office building is currently being built, and we expect to relocate our office to the new property in the first half of calendar year 2010.

Corporate Social Responsibility

As a good corporate citizen, we make it our business to protect and to conserve the environment and its natural resources. We are thus gratified to be an inaugural recipient of the Green and Gracious Builder (Excellence) Award conferred by the Building and Construction Authority (BCA) in 2009. Lian Beng will continue our waste minimization efforts so as to do our part to conserve our natural resources, and be responsible to the larger community within which we operate.

In addition, we attained the BizSAFE Partner and BizSAFE STAR certifications, which demonstrates our commitment to uphold the workplace health and safety standards set by Singapore's Workplace Safety and Health Council (WSHC). We will continue in our efforts to provide an incident and injury-free workplace for all our employees.

Going Forward

On the back of improved sentiments surrounding the Singapore economy, the construction industry is expected to enjoy sustained activities in the medium term. Demand for construction services should be sustained at between $18 - $24 billion in 2009, and $20 - $27 billion in 2010 – 2011, according to BCA estimates. While most of this should be contributed by the public sector, we are also seeing an increase in the number of private residential construction projects available for tender. This comes in the wake of renewed interest in the private residential property market, as evidenced by relatively high take-up rates at various property launches. With our strong track record and proven expertise, we are well-positioned to benefit from this demand trend.

Kovan Residences
(Showunit)

Kovan Residences
(Artist's Impression)

Cost management has always been a key focus area for us, and we will continue to be prudent in this area. At the same time, we believe that innovation and upgrading of our skills are key ingredients that will enable us to remain at the industry forefront, especially in such challenging times. As such, we will continue to look into new training programmes to strengthen our core competencies and to explore new areas where we can enhance our value-added service offerings.

As at 31 May 2009, the Group has a construction order book of public and private sector projects worth approximately $516 million, which should ensure a steady flow of activity through FY2011. Despite the uncertainties in the wider economic environment, we believe we are in a good position to grow in tandem with the recovery of the global economy.

Appreciation

I firmly believe that our people, business partners, suppliers and customers have all contributed in no small way to make Lian Beng a leader and key player in Singapore's construction landscape. On behalf of the Board, I would like to extend my heartfelt gratitude and thanks to these groups of people.

I am also deeply grateful to my fellow directors for their diligence, commitment and wise counsel. Their contributions to the Group have been invaluable, especially in such trying times.

Together, we will continue to work towards greater achievements in the years to come, and in so doing, look forward to creating sustainable value for all our stakeholders.

Ong Pang Aik BBM
Chairman and Managing Director

主席致辞

尊敬的股东们，

我深感荣幸地向各位呈现联明集团截至2009年5月31日（“2009财政年度”）的年度报告。

2009财政年度是众所周知的多事之秋。我们目睹了全球经济的快速衰退及证券市场的动荡。由于经济环境的不确定，市场对于建筑业务的需求日趋疲软，特别在2009财政年度下半年尤为严重。除此之外，原料成本也在这年经历了不寻常的大幅度波动。

尽管运营环境充满挑战，联明集团在2009财政年度仍然取得可喜的优越业绩表现，全年总收入增长58%达到3亿840万新元。这得益于在过去一年里，多项在建工程的运转良好使得集团商业活动增加。同时，审慎的成本管理有助于我们成功得创下连续第六年的净利润增长，从去年同期（“2008财政年度”）的1,200万新元激增43%达1,720万新元。

在每股收益值比上个财政年度上涨34%达到每股新元3.21分的同时，集团的资产负债表也显著加强。每股净资产值上涨13%达到每股新元23.1分，资本负债率则从2008财年的1.13倍改善至0.67倍。

回报股东

基于本年度的良好业绩表现，并对股东一年来的支持表示感谢，集团董事会建议派发每普通股新元0.4分的首次末期股息和每普通股新元0.2分的额外股息。

年度总结

我们在土木工程和楼房建筑方面的专业知识有效地减少了经济低迷带来的负面影响。由于拥有建造多样工程的丰富经验，我们有能力在较短时间内对市场需求变化做出适当的反应。

在刚刚过去的财政年度，集团成功标得5项新的建筑工程，其中一个项目是设计并建造连接樟宜新生水厂和裕廊，大士和裕廊岛的新生水输送管道；另一项是新加坡陆军与国防科学技术局在克兰芝军营的设施开发工程。另外三个工程属于私人房地产开发项目 – The Bellerive，Residences at Emerald Hill，以及集团新成立的子公司，Millennium International Builders Pte. Ltd. (“Millennium”) 所获标的知名工程，The Ritz-Carlton Residences。

为了进一步加强联明集团在高档私宅业界的竞争力，集团在2008年8月正式成立了子公司Millennium。在集团长久声誉和业务能力的基础上，Millennium旨在提供更优质的建筑技术和服务，通过综合创新理念和先进科技，创造属于自己的市场定位。

房地产开发方面，集团在2009财年年中推出了全资建造,位于蒙巴登路，共有50个单位的永久地契高档公寓 OLA Residences，以及拥有19%股权，位于高文路，拥有521间单位的 Kovan Residences。这两个项目皆获得了良好的市场反应。

集团也在另外两个地产发展项目中拥有股权，即位于纽顿地段和具有丰富文化气息的乌节路地段。这两个地产项目将会被开发成为高档住宅项目，Lincoln Suites 和 111 Emerald Hill。集团会紧密观察市场环境，并争取在最适当的时机推出这些项目。

多年来集团业务持续发展促使我们寻找更大的办公环境。因此在去年九月，我们已购买了位于 Harrison Road, 29 号的办公楼。集团的新总部办公楼正在兴建当中，预计2010年上半年就能搬迁至新址。

企业社会责任

履行保护自然环境和自然资源的责任是成为优秀企业公民的必要条件。我们对多年来一直秉持着这个信念，并于2009年获颁政府国家发展部建设局 Green and Gracious Builder (Excellence) Award 感到自豪。联明集团将继续在减少废料方面的努力来保护自然资源，对我们所在社区尽应尽的义务。

另外，集团也很荣幸地获得 BizSAFE Partner 和 BizSAFE STAR 资格认证。 这项荣誉再次证明了我们对于遵守新加坡职业安全健康理事会树立的各项职业安全与健康标准的承诺。而我们也将继续努力为员工创造无意外、无危险的工作环境。

展望未来

现阶段新加坡经济环境已开始复苏，建筑业预计将在未来中期内享有持续性的发展潜力。根据新加坡政府国家发展部建设局的估计，2009年建筑行业市场需求量将维持在180亿至240亿新元之间，而在2010年到2011年则将达到200亿至270亿新元之间，其中大部分业务将来自于公共设施建设。同时，我们也注意到由于近期私宅购买率增长，私有房地产项目招标活动开始变得活跃，从而也可以看出市场对私有地产的投资兴趣正在复苏。集团拥有的竞争力和多年经验将有助于我们在市场需求回温中得利。

成本管理一直是联明集团核心的管理重点，我们将一如既往的对此持审慎态度。同时，我们相信，不断创新和自我提升也能够帮助集团巩固在建筑行业中的领导位置，尤其是在这个充满挑战的时期。因此，我们将继续深讨新的培训课程，加强核心竞争力，并探索能提供更多增值服务的新领域。

截至2009年5月31日，集团在公共设施和私有房产建筑工程的订单达到大约5亿1,600万新元。这足以提供持续到2011年的平稳收入来源和商业活动。尽管经济大环境还充满着不确定性，我们相信集团将能够随着经济复苏的步伐一起不断成长。

衷心感谢

我坚信，我们的员工，商业伙伴，供应商和客户对联明集团发展至今成为新加坡建筑行业的佼佼者都有着不小的贡献。我要借此机会代表集团董事会对各位表达衷心的感激和谢意。

对于各位董事对公司付出的勤恳工作和给予的明智决策，我也要表示深深的感激。他们对于集团的贡献，特别在当前的非常时期，显得更加珍贵。

我们将继续在来年，团结一致，为创造更辉煌的明天而努力，同时为股东带来更丰厚的利益。

王邦益 **BBM**
集团主席兼执行董事

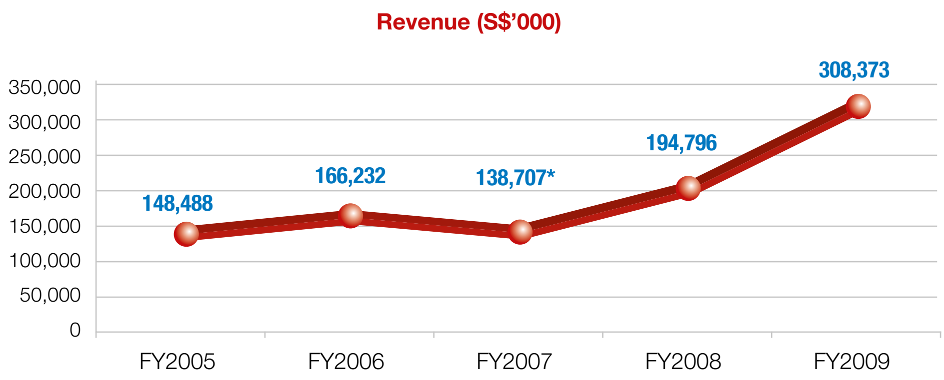
Group Structure

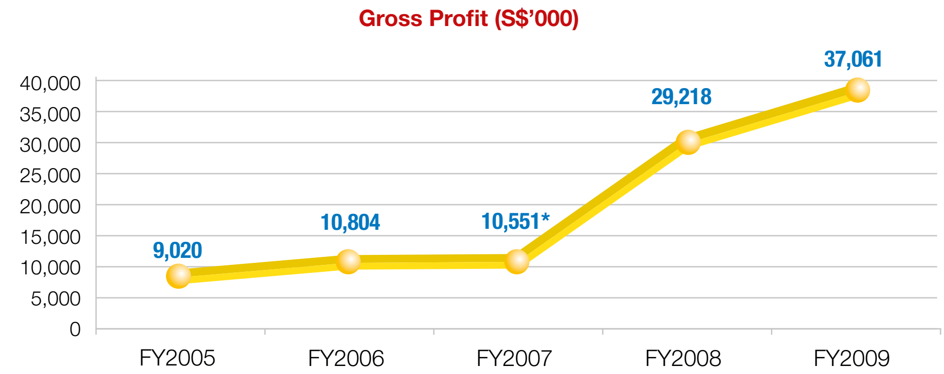
聯明集團有限公司
LIAN BENG GROUP LTD

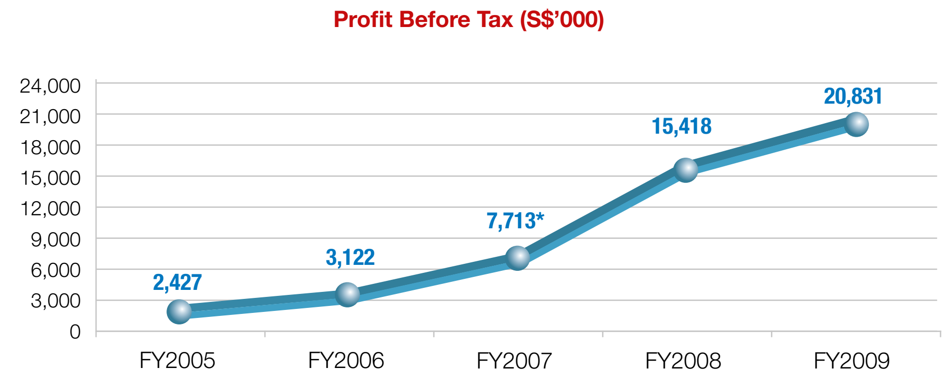
- 100% LIAN BENG CONSTRUCTION (1988) PTE LTD
  - 70% LIAN BENG (BANGLADESH) TRAINING AND TESTING CENTRE PTE LTD
  - 70% LIAN BENG TRAINING & TESTING CENTRE PTE LTD
  - 50% LIAN BENG - AMIN JOINT VENTURE PVT LTD
  - 50% LB-RD JV
  - 50% LIAN BENG - RI DONG JV PTE LTD[1]
  - 51% LIAN BENG / L.S. J.V.
- 100% DEENN ENGINEERING PTE LTD
- 100% L.S. CONSTRUCTION PTE LTD
  - 49% LIAN BENG / L.S. J.V.
- 100% MILLENNIUM INTERNATIONAL BUILDERS PTE LTD
- 100% LIAN BENG ENGINEERING & MACHINERY PTE LTD
- 100% TRADEWIN ENGINEERING PTE LTD
- 100% LIAN BENG INVESTMENT PTE LTD
- 100% ROCCA INVESTMENTS PTE LTD
- 100% LIAN BENG REALTY PTE LTD
  - 25% PHILEAP PTE LTD
  - 100% MOUNTBATTEN DEVELOPMENT PTE LTD
- 67% LB LAND PTE LTD
  - 15% EMERALD LAND PTE LTD
- 100% KOVAN LAND PTE LTD
  - 19% CENTURION KOVAN PTE LTD
- 100% CH DEVELOPMENT PTE LTD
- 100% LB PROPERTY PTE LTD
- 100% GOLDPRIME INVESTMENT PTE LTD
- 100% SMOOTH VENTURE PTE LTD
- 90% SINMIX PTE LTD
- 50% LIAN BENG ENERGY PTE LTD[2]
  - 95% PT LIAN BENG ENERGY[2]

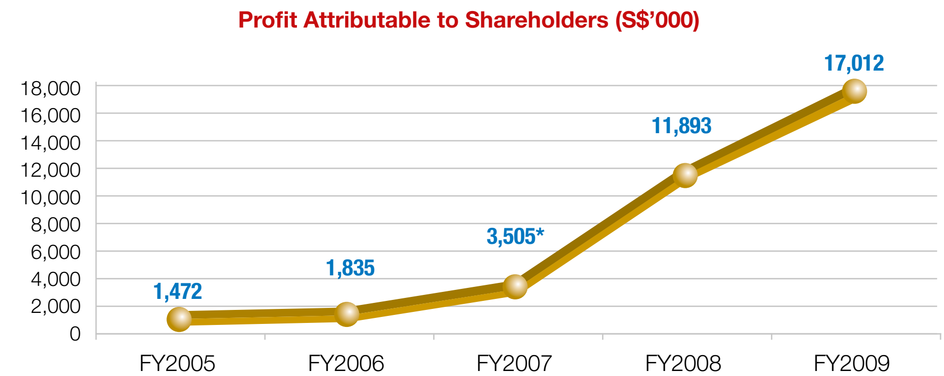
Note 1: Pending application for strike-off
Note 2: Please refer to notes 9, 15 and 43 of the financial statements for more information

Financial Highlights









* These figures excluded discontinued operations

Board of Directors

Left to right:
Mr Sitoh Yih Pin, Ms Ong Lay Koon, Mr Ong Pang Aik, Dr Wan Soon Bee, Ms Ong Lay Huan

MR ONG PANG AIK BBM
Chairman & Managing Director

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

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

Apart from his commitment to Lian Beng Group, Mr Ong participates actively in community work. He serves as a grassroots leader in the Marine Parade GRC – Braddell Heights CCMC and as Chairman of the Aljunied-Hougang 6-Miles Business Sub-committee. Mr Ong is also the Vice Chairman of the Aljunied-Hougang Citizens' Consultative Committee and a member of the PAP Community Foundation Braddell Heights Executive Committee. In addition, he serves as Vice-Chairman of 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 Masyarakat - PBM) in 2001 and subsequently the Public Service Star Medal (Bintang Bakti Masyarakat - BBM) in 2008. He was also awarded the Ernst & Young Construction Entrepreneur of The Year (2008) in the same year for his exceptional entrepreneurial achievements and excellence in creating a successful, growing business venture.

MR SITOH YIH PIN
Independent Director

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

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

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 CWT Limited, Van Der Horst Energy Limited, Labroy Marine Pte Ltd, 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.

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.

MS ONG LAY HUAN
Executive Director

Ms Ong Lay Huan joined the Group in 1991, and possesses some 18 years of experience in construction business.

As head of the Group's contracts department, she oversees several key aspects of the Group's construction operations, including all tender submissions, the management and review of project costs and budget, key materials procurement, and the award of contracts to subcontractors. In addition, she also assists in progress reviews and implementation of workflow initiatives that seek to improve and fine-tune the Group's work processes in accordance to new market trends and changes.

Ms Ong was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 25 September 2008. She holds a Diploma in Quantity Surveying from the Singapore Polytechnic and is a member of the Singapore Institute of Directors.

MS ONG LAY KOON
Executive Director

Ms Ong Lay Koon was appointed as Executive Director of the Board on 20 March 1999 and was last re-elected on 26 September 2006. She currently serves as a member on the Nominating, Audit and Remuneration Committees.

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

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

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 as well as its scaffolding projects. In addition, he is also part of a management team that manages the construction division's building projects.

Mr. Ong joins the Group in 1995 upon completing his studies. He currently serves as the director of:

- Deenn Engineering Pte Ltd
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Sinmix Pte Ltd
- Tradewin Engineering Pte Ltd

MR ONG PHANG HOO, the Project Director of the Group, undertakes the portfolio of the Group's foreign labour planning and deployment functions, as well as to oversee the management of the Group's foreign workers training division. In addition, he is also part of a management team that manages the construction division's building projects.

Mr. Ong joins the Group in 1995 upon completing his studies. He currently serves as the director of:

- Deenn Engineering Pte Ltd
- L.S. Construction Pte Ltd
- Lian Beng Engineering & Machinery Pte Ltd
- Lian Beng Investment Pte Ltd
- Lian Beng-Amin Joint Venture Private Limited, a jointly-controlled entity incorporated in the Republic of Maldives
- Lian Beng Training & Testing Centre Pte Ltd
- Lian Beng (Bangladesh) Training & Testing Centre Pte Ltd, a subsidiary incorporated in Bangladesh
- Tradewin Engineering Pte Ltd

MS ONG LEE YAP, the Purchasing Director of the Group, manages the Group's purchasing division and oversees the Group's inter-companies material and machinery logistics deployment. She also takes charge to administer the Group's foreign workers' payroll function.

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-honed skills and extensive knowledge has enabled her to discharge her responsibilities towards the Group efficiently and effectively.

She currently also serves as a director of 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's building projects, with special focus on its design-and-build functions.

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

Mr. Than holds a Master of Science degree in Structural Engineering from the University of Manchester Institute of Science and Technology (United Kingdom) and a Degree in Civil and Structural Engineering from the Engineering Council (United Kingdom).

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

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 with strong emphasis on delivering quality products have enabled him to mentor the setting up of the construction division's Quality Assurance & Quality Control (QA/QC) committee. He also takes charge of the division's ISO integrated management system.

Mr. Teo 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 hold the position of Construction Manager in 2004 and subsequently moved up to be the Managing Director of Lian Beng-Amin Joint venture Private Limited in 2006 and to be the Director of Lian Beng Construction (1988) Pte Ltd in 2007. Currently, he also serves as the manager of Lian Beng/L.S. J.V. and LB-RD JV.

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

Mr. Goh joined Sinmix in June 2007 and is in charge of the overall management of Sinmix's business operations. His 25 years of experience in the ready-mix industry has enabled him to lead the division efficiently in managing its assets allocation and cost control measures, as well as to ensure a smooth supply chain within the division's network of customers and suppliers.

MR HO CHEE SIONG, the Director of Millennium International Builders Pte Ltd and Senior Construction Manager of the Group's construction division, forms part of the management team that manages the construction division's building projects. He also undertakes the division's safety and health portfolio.

Armed with more than 18 years of construction and project management experience, he is actively involved in the management of various building contracts undertook by the Group. With his skills and experience, he has been tasked with his present position to manage the Group's construction projects and its safety and health functions.

Mr. Ho joined the Group in 1997 as a Project Manager and progressively moved through the ranks to his current position in June 2008. He holds a degree in Bachelor of Applied Science in Construction Management & Economics from Curtin University of Technology.

Operations Review

CONSTRUCTION

Lian Beng's construction division is the largest division within its business portfolio. In FY09, revenue from this division grew 60.2% to $307 million from $191.6 million in FY08, and contributed approximately 99.6% of the Group's turnover.

The growth in revenue was mainly driven by an increase in construction activity during the year, as well as higher revenue recognition from the progressive completion of various residential and industrial projects undertaken by the Group. In line with this increase, profit before tax from this division rose 38.5% to $21.6 million, compared to $15.6 million in the previous financial year.

Also included in this division is our ready-mixed concrete business held under a 90%-owned subsidiary, Sinmix Pte Ltd. Today, approximately 60% of Sinmix's production output is supplied to third parties, while the rest are used internally. Recognising the segment's complementary role in the Group's construction business and its market potential, we expect to continue to grow this business to cater to the demands of the market.

New subsidiary / New Contacts

As part of our effort to establish a foothold in the high-end residential and international construction scene, we incorporated a new subsidiary, Millennium International Builders Pte. Ltd., in August 2008, and subsequently secured our first contract for the construction of the prestigious Ritz-Carlton Residences, Cairnhill, Singapore. This is the first luxury residential development in Asia to be equipped with legendary amenities and service excellence of The Ritz-Carlton. The development is expected to be completed by the fourth quarter of 2010.


Ready-mixed concrete operations by Sinmix


The Bellerive (Artist's Impression)


Residences at Emerald Hill (Artist's Impression)

This Ritz-Carlton Residences project, together with four other construction projects, brought the total value of contracts secured in FY09 to approximately $285 million. Amongst these were two projects from the public sector, namely:

- the construction of the NEWater pipeline connecting Changi NEWater Plant with Jurong, Tuas and Jurong Island. This pipeline will form part of a larger network of pipelines that will carry about 30% of Singapore's current water needs by 2010. This civil engineering project was awarded to a 50-50 joint venture between Lian Beng and its joint venture partner.
- the construction of camp facilities at Kranji – awarded by the Defence Science and Technology Agency (DSTA) in November 2008

The other two contracts were for the construction of private residential developments, namely:

- The Bellerive, a 15-storey residential flat consisting of 51 apartment units at Keng Chin Road/Ewe Boon Road, to be completed by the third quarter of 2010

- Residences at Emerald Hill, a niche development comprising 29 apartment units within a 12-storey block together with four 3-storey units of terrace housing located on Emerald Hill Road, to be completed around the fourth quarter of 2010

We have commenced construction work on all five projects.

Ferraria Park

(Media) Industrial Building, Tai Seng Avenue

Completed / Near-completed Projects

During the year, the Group successfully completed the installation of the wastewater collection and disposal system at Raa Dhuvaafaru, Republic of Maldives.

Several projects are also near completion, particularly the (media) industrial building at Tai Seng Avenue, Ferraria Park at Flora Drive, condominium housing at Sixth Avenue and Northwood Condominium at Jalan Mata Ayer.

As at the close of the FY09, Lian Beng had an order book of approximately $516 million, which should ensure a steady flow of activity through FY11.

ENGINEERING AND LEASING

The Group's engineering and leasing division specializes in the leasing of metal forms and construction machinery and equipment, as well as in engineering works such as the fabrication and installation of steel structure works and the erection of scaffolding and gondolas. This division operates under the two subsidiaries, namely Lian Beng Engineering & Machinery Pte Ltd and Tradewin Engineering Pte Ltd, and is strategic to the Group as it provides in-house engineering expertise to support the activities of the Group's construction division. Tradewin Engineering has also recently diversified into the provision of electrical works.


OLA Residences
(Artist's Impression)


Lincoln Suites
(Artist's Impression)

PROPERTY DEVELOPMENT

Lian Beng is also engaged in the property development business. During the year, the Group launched its wholly-owned OLA Residences and 19%-owned Kovan Residences. Both projects were well-received.

OLA Residences is a 50-unit, 5-storey condominium located in Mountbatten, just a stone's throw away from recreational spaces such as the East Coast Park. It boasts a selection of one, two, three and four-bedroom apartments ranging from 732 sq ft to 3,197 sq ft in size.

Standing at 18 storeys high, Kovan Residences comprises 505 two, three and four-bedroom apartments with sizes ranging from 883 sq ft to 1,862 sq ft. It also boasts 16 penthouses, ranging from 2,400 sq ft to 4,600 sq ft. The development, nestled within a nostalgic part of Singapore, is conveniently located next to Kovan MRT and a range of retail shops and amenities.

The Group has commenced construction work on OLA Residences and Kovan Residences, and expect to receive its temporary occupation permit in December 2012 and October 2013 respectively.

The Group has two other property developments in the pipeline, namely Lincoln Suites and 111 Emerald Hill, which the Group holds 25% and 10% effective equity stakes respectively.

Significant Events

June 2008

- The Group announced the award of:
  - a $36.2 million contract by Sing Holdings (Bellerive) Pte Ltd, to construct **The Bellerive**
  - a $30.0 million civil engineering contract by the Public Utilities Board, for the design and construction of a **NEWater pipeline** running from Changi NEWater plant
  - a $50.4 million contract by Lafe (Emerald Hill) Development Pte Ltd, to construct **Residences at Emerald Hill**

- Launched wholly-owned **OLA Residences**, a 50-unit freehold residential development located at Mountbatten Road

July 2008

- Launched 19%-owned **Kovan Residences**, a 521-unit condominium development at Kovan Road

August 2008

- Mr Ong Pang Aik, Chairman of Lian Beng Group, was awarded **The Public Service Star Medal** (Bintang Bakti Masyarakat - BBM) award by the Singapore Government

- Incorporated Millennium International Builders Pte. Ltd., a wholly-owned subsidiary, to focus on the construction of high-end residential projects in and beyond Singapore

September 2008

- Received **BizSAFE PARTNER** certification from the Workplace Safety and Health Council (WSHC) of Singapore for the Group's commitment to safety and health promotion at the workplace

- Millennium International Builders was awarded a $99.5 million contract by Royce Properties Pte Ltd, to construct **The Ritz-Carlton Residences**, Cairnhill, Singapore

November 2008

- Awarded a $84.0 million contract by the Defence Science and Technology Agency, for the construction of **camp facilities at Kranji**
- Mr Ong Pang Aik, Chairman of Lian Beng Group, was awarded the **Ernst & Young Construction Entrepreneur of The Year 2008**

March 2009

- Awarded **BizSAFE STAR** certification, the highest level of recognition, by WSHC for the promotion of safety and health programmes at the workplace

May 2009

- Received the inaugural **Green & Gracious Builder (Excellent) Award** from the Building & Construction Authority of Singapore (BCA)

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
(Appointed Since Financial Year Ended 31 May 2008)

Solicitors

Wee Woon Hong & Associates LLC
30 Raffles Place #19-04
Chevron House
Singapore 048622

Principal Bankers

Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Investor & Media Relations

Boardroom Communications Pte Ltd
3 Church Street, 9/F
Samsung Hub
Singapore 049483
Tel: (65) 6536 5355
Fax: (65) 6532 1633

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 quarterly basis and as warranted. Ad hoc meetings will be arranged to deliberate on urgent substantive matters. Board meeting by telephone conference is allowed under the Company's Articles of Association. To ensure effective corporate governance, three key committees, namely the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Audit Committee (the "AC") were established. Their respective roles are further discussed in this report.

The details of board meetings, NC, RC and AC meetings held during the financial year as well as the attendance of each board member at those meetings is disclosed below:

	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
Name of Director	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Ong Pang Aik	4	4	-	-	-	-	-	-
Ong Lay Huan	4	4	-	-	-	-	-	-
Ong Lay Koon	4	4	1	1	1	1	4	4
Dr Wan Soon Bee	4	4	1	1	1	1	4	4
Sitoh Yih Pin	4	4	1	1	1	1	4	4

As a general rule, board papers are required to be sent to directors before the Board meeting so that members may better understand the matters before the Board meeting and discussion may be focused on questions that the Board has about the Board papers.

The duties and obligations of the director are set out in writing upon his or her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new directors to ensure that the incoming director is familiar with the Company's business and governance practices. He/she will be given a tour and briefing of key facilities and activities of the Company, as well as a detailed presentation by key senior management covering structure, business activities and growth strategies of the Group and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report and Summary Financial Statements, minutes of recent board meetings, and Memorandum and Articles of Association of the Company will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group.

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

As at the date of this report, the Board comprises three executive directors and two independent directors, namely:

Executive Directors

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

Independent & Non-Executive Directors

1. Dr Wan Soon Bee
2. Sitoh Yih Pin

No individual or small group of individuals is allowed to dominate the Board's decision making. The independence of each director is reviewed annually by the NC, which ensures that independent directors make up at least one-third of the Board. The NC is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, financing, legal, business and general corporate matters.

The non-executive directors constructively challenge and help to develop proposals on strategy and also review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities at the Top of the Company

Mr Ong Pang Aik currently assumes the roles of both the Chairman and Managing Director. His duties as the Chairman, among others, include:

a. Leading the Board to ensure its effectiveness on all aspects of its role and set its agenda;
b. Ensuring that the directors receive accurate, timely and clear information;
c. Ensuring effective communication with shareholders;
d. Encouraging constructive relations between the Board and Management;
e. Facilitating the effective contribution of non-executive directors;
f. Encouraging constructive relations between executive directors and non-executive directors; and
g. Promoting high standards of corporate governance.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and Managing Director are not separated as the Board is of the view that there is adequate accountability and transparency within the Group.

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

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

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

The NC met once during the financial year under review.

The Chairman, Dr Wan Soon Bee, and Mr Sitoh Yih Pin are independent directors and are not directly associated with any substantial shareholder. The NC's responsibilities include the following:

a. Annual review of skills required by the Board, and the size of the Board;
b. Reviewing and determining the independence of each director to ensure that the Board comprises at least one-third independent directors;
c. Reviewing and evaluating a director's ability and adequacy in carrying out his/her role as director of the Company, particularly when he/she has multiple board representations;
d. Re-nomination of directors, giving due regard to each director's contribution and performance including, if applicable, as an independent director;
e. Assessing the effectiveness of the Board as a whole, and as well as each director's contribution to the effectiveness of the Board; and
f. Deciding how the Board's performance may be evaluated and proposing objective performance criteria.

The directors (other than the Managing Director) submit themselves for re-nomination and re-election at least once every three years. Newly appointed directors will submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company following their appointment.

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

The key information on the directors is set out in the Board of Directors write-up on page 10 and 11 of this report.

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

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

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation are in respect of:

a. Board size and composition;
b. Board processes;
c. Board information and accountability; and
d. Board performance in relation to discharging its principal functions and responsibilities.

The individual director's performance criteria is in relation to the director's:

a. Industry knowledge and/or functional expertise;
b. Contribution and workload requirements;
c. Sense of independence; and
d. Attendance at board and committee meetings.

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

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

The Management provides all directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis. All directors have separate and independent access to the Company's senior management, who together with the Company Secretary, are responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

Information provided by the management to the directors includes background information or explanatory information relating to matters to be brought forward before the Board and copies of disclosure documents.

All directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of all board and specialized committee meetings. He/she assists the Chairman in ensuring that board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited ("SGX-ST"), are complied with. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board and its committees, facilitating the directors' orientation programme, and assisting with professional developments as required. He/she is also the primary channel of communication between the Company and the SGX-ST.

The Board engages independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

Procedures for developing remuneration policies
Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and For Fixing Remuneration Packages of Directors

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

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

The Board is of the view that with Ms Ong Lay Koon's understanding of the Group's operations, she is in an appropriate position to advise and recommend to the Board on the remuneration packages for the rest of the executives in the Group. However, independence is not compromised, as the majority of the members of the Remuneration Committee are independent.

The RC met once during the financial year under review.

Members of the RC carry out their duties in accordance with the terms of reference, which include the following:

a. Recommending to the Board on the framework of remuneration policies for directors and senior management;
b. Reviewing and approving specific remuneration packages for each director and the Chairman, including director's fees, salaries, allowances, bonuses and benefits-in-kind; and
c. Reviewing the remuneration of Senior Management.

The RC's recommendations are submitted for endorsement by the entire Board. No director is involved in deciding his/her own remuneration.

The Company does not have any employee share option scheme.

LEVEL AND MIX OF REMUNERATION
Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

The Company has a remuneration policy, which comprises a fixed and a variable component. The fixed and variable components comprise a base salary, variable bonus and/or profit sharing. In setting remuneration packages, the Company takes into account the group's relative performance and the performance of individual directors. The pay and employment conditions within the same industry and in comparable companies are also given due consideration.

The fees of the Independent Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company.

The Company has entered into separate service agreements with Mr Ong Pang Aik, Ms Ong Lay Huan and Ms Ong Lay Koon, each of which is valid for an initial three year period and subject to automatic renewal every 3 years. The service contract does not contain any onerous removal clauses. Notice periods are three months in the service agreements for executive directors.

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board has not included a separate annual remuneration report in its annual report for the current financial year as it is of view that the matters, which are required to be disclosed in the annual remuneration report, have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 May 2009 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus & Profit Sharing (%)	Other Benefits and Allowances (%)	Directors' Fees[1] (%)	Total
$1,500,001-$1,750,000	Ong Pang Aik	30%	58%	1%	11%	100%
$750,001-$1,000,000	Ong Lay Huan	36%	55%	5%	4%	100%
$500,001-$750,000	Ong Lay Koon	37%	52%	6%	5%	100%
≤ $250,000	Wan Soon Bee	0%	0%	0%	100%	100%
≤ $250,000	Sitoh Yih Pin	0%	0%	0%	100%	100%

[1] Includes fees for directorships held in the Company

A breakdown, showing the level and mix of the top eight key executives' remuneration payable for the financial year ended 31 May 2009 is as follows:

Remuneration Band	Name	Salary and CPF (%)	Bonus (%)	Other Benefits and Allowances (%)	Directors' Fees[1] (%)	Total
$250,001-$500,000	Ong Lee Yap[2]	64%	21%	4%	11%	100%
$250,001-$500,000	Ong Phang Hoo[2]	59%	17%	13%	11%	100%
$250,001-$500,000	Ong Phang Hui[2]	65%	17%	7%	11%	100%
≤ $250,000	Than King Huat	67%	23%	10%	0%	100%
≤ $250,000	Teo Wee Jin	67%	21%	12%	0%	100%
≤ $250,000	David Goh Teck Ann	73%	12%	15%	0%	100%
≤ $250,000	Ho Chee Siong	68%	18%	14%	0%	100%
≤ $250,000	Chew Teow Leong	85%	15%	0%	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 2009

For the financial year ended 31 May 2009, the total remuneration paid to the directors of the Company was S$3,254,950 and the total remuneration paid to the key executives was S$1,722,389.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY
Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The Management provides board members with management accounts that present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. At present, the management prepares the management accounts on a monthly basis and provides the monthly management accounts to the Board whenever the Board request for it.

The Board will furnish, among others and whenever necessary, interim and other price sensitive public reports, and reports to the regulators with the aim of providing a balanced and understandable assessment of the Company's performance, position and prospects.

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

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

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

The Board is of the view that the AC, chaired by Dr Wan Soon Bee has sufficient financial management expertise and experience to discharge the AC's functions. Mr Sitoh Yih Pin is by profession a Certified Public Accountant and Ms Ong Lay Koon has more than 10 years of experience in business and financial management. It is confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the Audit Committee and that the Independent Directors in the AC will continue to benefit from the experience and expertise of the Executive Director in the AC in carrying out their respective duties effectively.

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by Management, full discretion to invite any director or key executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

The key function of AC, which has written terms of reference, is to:

a. Review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
b. Review the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;
c. Review significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
d. Review the adequacy of the Company's internal controls; and
e. Make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services does not affect the independence of the external auditors and has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the auditors of the Company.

The AC has also conducted reviews of interested person transactions and the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action.

INTERNAL CONTROLS
Principle 12: Maintenance of Sound System of Internal Controls

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

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

INTERNAL AUDIT
Principle 13: Establishment of an Independent Internal Audit Function

The 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 quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

Principle 15: Encouragement of Greater Shareholder Participation at AGMs

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders.

Separate resolutions are proposed for substantially separate issues at shareholders' meetings. The Chairmen of the AC, RC and NC are usually available at the meetings to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company's Articles of Association allows for shareholders of the Company to appoint one or two proxies to attend and vote in place of the shareholder. The Company does not intend to implement absentia-voting methods such as email, fax or mail until security, integrity and other pertinent issues are satisfactorily resolved.

ADDITIONAL INFORMATION

Dealings in Securities

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the "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.

The AC reviewed the following significant transactions entered into by the Company with its interested persons for the financial year ended 31 May 2009 in accordance with its existing procedures:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Associated KHL Industries Pte Ltd	$114,000.00	Not applicable

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

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 2009.

Directors

The directors of the Company in office at the date of this report are:

Ong Pang Aik	(Chairman and Managing Director)
Ong Lay Huan	(Executive Director)
Ong Lay Koon	(Executive Director)
Dr Wan Soon Bee	(Independent Director)
Sitoh Yih Pin	(Independent Director)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Ordinary shares				
Ong Pang Aik	17,100,800	17,100,800	133,782,400	133,782,400
Ong Lay Huan	7,275,200	11,275,200	–	–
Ong Lay Koon	7,275,200	7,275,200	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 June 2009.

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:

- Reviewed the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors and its cost effectiveness;
- Reviewed 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;
- Reviewed the adequacy of the Company's internal controls; and
- Made recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted reviews of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

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
28 August 2009

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 2009 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
28 August 2009

We have audited the accompanying financial statements of Lian Beng Group Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 38 to 100, which comprise the balance sheets of the Group and the Company as at 31 May 2009, the statements of changes in equity and the income statements 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet, income statement 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 2009 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date; and

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

Without qualifying our opinion, we draw attention to Notes 9, 15 and 43 to the financial statements. Included in the Group's balance sheet are investment in a jointly-controlled entity which has been reclassified as "assets held for sale" and fully impaired in prior year and amounts due from an ex-jointly-controlled partner of $9,474,000. The Company has taken legal action against the ex-jointly controlled partner for breach of the terms of the sale and purchase agreement pertaining to the disposal of the Group's interest in the jointly-controlled entity. The classification of the investment in the jointly-controlled entity and the recoverability of the amount due from an ex-jointly-controlled partner are dependent on the outcome of the legal action. As at the date of this report, the outcome of the legal action is currently uncertain and the financial statements do not include any adjustment or provision for this uncertainty.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

28 August 2009

Balance Sheets

as at 31 May 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Property, plant and equipment	4	32,524	23,779	–	–
Investment properties	5	11,959	8,879	–	–
Intangible assets	6	129	147	–	–
Investments in subsidiaries	7	–	–	28,688	28,088
Other receivables	15	2,494	10,835	–	2,680
Investment securities	10	8,644	905	–	–
		55,750	44,545	28,688	30,768
Current assets					
Construction work-in-progress	11	29,522	38,180	–	–
Development properties	12	107,558	108,081	–	–
Properties held for sale	12	5,840	6,154	–	–
Inventories	13	2,083	721	–	–
Trade receivables	14	87,204	56,068	–	–
Other receivables and deposits	15	29,391	28,212	9,517	6,508
Prepayments		1,042	1,396	3	3
Receivables from related parties	16	10	13	60,957	53,422
Amounts due from jointly-controlled entities	8	2,182	19,641	–	6
Asset held for sale	9	–	–	–	–
Investment securities	10	10	12	–	–
Fixed deposits	17	7,656	2,915	1,115	1,169
Cash and bank balances	18	30,367	5,323	48	351
		302,865	266,716	71,640	61,459
Current liabilities					
Progress billings in excess of construction work-in-progress	11	38,838	2,402	–	–
Trade payables and accruals	19	63,306	44,634	–	–
Other payables and deposits	20	5,140	4,063	478	330
Amounts due to related parties	21	3,942	17,340	13,103	5,607
Bank overdrafts	22	10,364	20,898	–	–
Bank loans	22	15,098	19,672	1,048	1,094
Bills payable	22	885	3,625	–	–
Current portion of obligations under hire purchase	23	2,132	1,695	–	–
Provision for taxation		4,067	3,806	–	–
		143,772	118,135	14,629	7,031
Net current assets		159,093	148,581	57,011	54,428
Non-current liabilities					
Bank loans	22	87,102	80,325	–	–
Obligations under hire purchase	23	4,290	4,244	–	–
Deferred tax liabilities	24	706	377	–	–
		92,098	84,946	–	–
Net assets		122,745	108,180	85,699	85,196
Equity attributable to equity holders of the Company					
Share capital	25	82,275	82,275	82,275	82,275
Reserves		40,094	25,748	3,424	2,921
		122,369	108,023	85,699	85,196
Minority interests		376	157	–	–
Total equity		122,745	108,180	85,699	85,196

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

Income Statements

for the year ended 31 May 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenue	27	308,373	194,796	4,000	2,800
Cost of sales		(271,312)	(165,578)	–	–
Gross profit		37,061	29,218	4,000	2,800
Other operating income	28	3,399	2,091	266	358
Distribution expenses		(1,322)	(183)	(38)	(12)
Administrative expenses		(10,323)	(8,341)	(863)	(481)
Other operating expenses	28	(6,159)	(5,038)	(295)	(18)
Finance costs	30	(1,825)	(2,329)	(48)	(62)
Profit before tax	28	20,831	15,418	3,022	2,585
Taxation	31	(3,600)	(3,390)	(19)	–
Profit after tax		17,231	12,028	3,003	2,585
Attributable to:					
Equity holders of the Company		17,012	11,893	3,003	2,585
Minority interests		219	135	–	–
		17,231	12,028	3,003	2,585
Earnings per share (Cents)					
Basic and diluted	32	3.21	2.39		

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 2009

	Attributable to equity holders of the Company					
	Share capital (Note 25) $'000	Accumulated profits $'000	Other reserves (Note 26) $'000	Total reserves $'000	Minority interests $'000	Total equity $'000
Group						
Balance at 1 June 2008	82,275	25,550	198	25,748	157	108,180
Foreign currency translation	–	–	(60)	(60)	–	(60)
Net change in fair value adjustment reserve	–	–	(106)	(106)	–	(106)
Net expense recognised directly in equity	–	–	(166)	(166)	–	(166)
Profit for the year	–	17,012	–	17,012	219	17,231
Total recognised income and expense for the year	–	17,012	(166)	16,846	219	17,065
Dividends on ordinary shares (Note 42)	–	(2,500)	–	(2,500)	–	(2,500)
Balance at 31 May 2009	82,275	40,062	32	40,094	376	122,745
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

Statements of Changes in Equity

for the year ended 31 May 2009

	Attributable to equity holders of the Company		
	Share capital (Note 25)	**Accumulated profits**	**Total equity**
	$'000	$'000	$'000
Company			
Balance at 1 June 2008	82,275	2,921	85,196
Profit for the year	–	3,003	3,003
Total recognised income and expenses for the year	–	3,003	3,003
Dividends on ordinary shares (Note 42)	–	(2,500)	(2,500)
Balance at 31 May 2009	82,275	3,424	85,699
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

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 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Profit before tax	20,831	15,418
Adjustments for:		
Depreciation of property, plant and equipment	3,411	2,290
Depreciation of investment properties	134	133
Dividend income from investment securities	(12)	(24)
Gain on sale of property, plant and equipment	(80)	(231)
Write-back of impairment loss on investment properties	–	(370)
Net fair value loss on investment securities	2	6
Allowance for foreseeable loss on property held for sale	314	–
Gain on sale of investment securities	–	(72)
(Reversal)/ share of loss in jointly-controlled entity	(960)	2,450
Write back of impairment loss on other receivable	(223)	(293)
Interest income	(364)	(153)
Interest expense	1,825	2,329
Exchange translation difference	(90)	82
Allowance for impairment on doubtful receivables	3,461	41
Intangible asset written off	18	–
Operating cash flows before changes in working capital	28,267	21,606
Changes in working capital:		
Properties held for sale	–	1,879
Development properties	2,730	(65,227)
Interest paid including amount capitalised in development properties	(2,207)	(854)
Construction work-in-progress	45,101	(8,678)
Inventories	(1,362)	850
Trade receivables	(31,755)	(12,075)
Other receivables and deposits	1,722	(17,855)
Prepayments	354	–
Trade payables, other payables, accruals and bills payable	17,968	4,603
Balances with related parties	845	(13,818)
Cash flows generated from/ (used in) operations	61,663	(89,569)
Income tax paid	(3,331)	(1,082)
Income tax recovered	247	63
Net cash flows generated from/ (used in) operating activities	58,579	(90,588)
Cash flows from investing activities		
Interest received	55	153
Dividend income from investment securities	12	24
Purchase of property, plant and equipment (Note A)	(9,874)	(5,840)
Proceeds from disposal of property, plant and equipment	213	503
Purchase of investment properties	(3,214)	–
Additional investments in investment securities	(7,845)	(341)
Amount due from long term other receivable	5,661	(8,155)
Net cash outflow on acquisition of a subsidiary	–	(2,017)
Proceeds from disposal of investment securities	–	202
Net cash flows used in investing activities	(14,992)	(15,471)

Consolidated Cash Flow Statement

for the year ended 31 May 2009

	2009 $'000	2008 $'000
Cash flows from financing activities		
Interest paid	(1,826)	(2,329)
Repayment of hire purchase creditors	(1,909)	(1,256)
Proceeds from bank loans	13,900	51,023
Repayment of bank loans	(11,697)	(5,265)
Release of / (increase in) fixed deposits pledged to bank	190	(1,120)
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 shareholders of a jointly controlled entity	–	14,568
Loan from minority shareholder of a subsidiary company	764	2,745
Dividend paid to a minority shareholder of a subsidiary company	–	(114)
Dividend paid on ordinary shares	(2,500)	(1,000)
Net cash flows (used in)/ generated from financing activities	(3,078)	96,711
Net increase/(decrease) in cash and cash equivalents	40,509	(9,348)
Cash and cash equivalents at beginning of the year	(15,564)	(6,216)
Cash and cash equivalents at end of the year (Note 18)	24,945	(15,564)

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $12,265,000 (2008: $9,934,000) of which $2,391,000 (2008: $4,094,000) were acquired by means of hire purchase arrangements. Cash payments of $9,874,000 (2008: $5,840,000) were made to purchase property, plant and equipment.

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

1. Corporate information

Lian Beng Group Ltd (the "Company") is a limited liability company in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 25 Playfair Road, Lian Beng Building, Singapore 367990.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and jointly-controlled entities are disclosed in Note 7 and Note 8 to the financial statements, respectively.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The 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.

2.2 *Future changes in accounting policies*

The Group and the Company have not adopted 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
	: Presentation of Financial Statements – Amendments regarding Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	: Borrowing Costs	1 January 2009
FRS 27	: Consolidated and Separate Financial Statements - Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	: Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	: Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009

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

2.2 *Future changes in accounting policies (cont'd)*

		Effective date for annual periods beginning on or after
FRS 101	: First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	: Share-based payments – Amendments relating to vesting conditions and cancellations	1 January 2009
FRS 107	: Financial Instruments: Disclosures	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 113	: Customer Loyalty Programmes	1 July 2008
INT FRS 116	: Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	: Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	: Transfers of Assets from Customers	1 July 2009
FRS 39 and INT FRS 109	: Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives	30 June 2009

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 1, FRS 23, FRS 108 and FRS 107 as indicated below.

<u>FRS 1 Presentation of Financial Statements – Revised presentation</u>

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owners changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit and loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

<u>FRS 23 Borrowing Costs</u>

FRS 23 has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

<u>FRS 108 Operating Segments</u>

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 2010.

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

2.2 ***Future changes in accounting policies (cont'd)***

FRS 107 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendments are effective for annual periods beginning on or after 1 January 2009. The amendments enhance disclosures about fair value measurement and liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures for each class of financial instruments recorded at fair value. For liquidity risk disclosure, the amendments permit derivative liabilities to be excluded from maturity analysis, unless the contractual maturities are essential for an understanding of the timing of the cash flows. The amendments also require issued financial guarantee contracts to be recorded in the contractual maturity analysis based on the maximum amount guaranteed, and allocated to the earliest date the financial guarantee can be drawn down, irrespective of whether it is likely that the guarantees will be drawn or the amount that is expected to be paid. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2010.

2.3 ***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 2.8. 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.

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

2.5 ***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 operations, 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 foreign operation.

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.

2.6 ***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.

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

2.6 ***Property, plant and equipment (cont'd)***

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.

2.7 ***Investment properties***

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

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

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

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

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)

2.8 ***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)

2.9 *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.

2.10 *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.

2.11 *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)

2.12 ***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.

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(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 except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. 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)

2.14 ***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)

2.15 ***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.

2.16 ***Construction contracts***

The accounting policy for recognition of contract revenue is set out in Note 2.26 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".

2.17 ***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.

2.18 ***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)

2.19 ***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.

2.20 ***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.

2.21 ***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.

2.22 ***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)

2.23 ***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.

2.24 ***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 2.26(i).

2.25 ***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)

2.26 ***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 and electrical works*

Revenue from provision of engineering and electrical works is recognised based on the percentage of completion method, measured by reference to the cost incurred to the total estimated cost. Foreseeable losses are provided for when the likelihood is anticipated.

(c) *Sale, rental and maintenance of construction machinery and equipment*

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

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

Revenue from the sale of development properties/properties held for sale is recognised using the percentage of completion method. 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)

2.27 ***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.

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

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

(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.

2.28 ***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.

2.29 ***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.

2.30 ***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 2009 were $4,067,000 (2008: $3,806,000) and $706,000 (2008: $377,000) 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 96 years. The carrying amount of the Group's property, plant and equipment and investment properties at 31 May 2009 were $32,524,000 (2008: $23,779,000) and $11,959,000 (2008: $8,879,000) 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 is 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.

4. Property, plant and equipment

Group	Freehold land $'000	Freehold property under construction $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles and cabin cruiser $'000	Total $'000
Cost								
At 1 June 2007	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 1 June 2008	6,860	–	2,333	2,948	32,915	3,801	3,375	52,232
Additions	6,185	903	2	–	4,435	381	359	12,265
Disposals	–	–	–	–	(473)	(56)	(29)	(558)
Exchange difference	–	–	–	–	64	1	6	71
At 31 May 2009	13,045	903	2,335	2,948	36,941	4,127	3,711	64,010
Accumulated depreciation and impairment								
At 1 June 2007	–	–	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 1 June 2008	–	–	367	1,072	21,878	3,320	1,816	28,453
Depreciation charge for the year	–	–	51	134	2,482	244	506	3,417
Disposals	–	–	–	–	(344)	(52)	(29)	(425)
Exchange difference	–	–	–	–	36	1	4	41
At 31 May 2009	–	–	418	1,206	24,052	3,513	2,297	31,486
Net carrying amount								
At 31 May 2009	13,045	903	1,917	1,742	12,889	614	1,414	32,524
At 31 May 2008	6,860	–	1,966	1,876	11,037	481	1,559	23,779

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

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

	Group	
	2009	**2008**
	$'000	$'000
Depreciation for the year	3,417	2,291
Depreciation included in construction work-in-progress	(1,098)	(888)
Depreciation previously included in construction work-in-progress now charged to the income statement	1,092	887
Depreciation charged to the income statement (Note 28)	3,411	2,290

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	15,865	8,826
Plant, machinery and motor vehicles acquired under hire purchase arrangements	9,262	7,802

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
A 10-storey multi-user light industrial factory at 29 Harrison Road, Singapore	Freehold	1,007	2,519	100

5. Investment properties

	Freehold properties $'000	Freehold property under cons-truction $'000	Leasehold properties $'000	Leasehold property under construction $'000	Total $'000
Group					
Cost					
At 1 June 2007 and 1 June 2008	819	–	9,539	–	10,358
Additions	–	2,410	–	804	3,214
At 31 May 2009	819	2,410	9,539	804	13,572
Accumulated depreciation and impairment					
At 1 June 2007	199	–	1,517	–	1,716
Depreciation for the year	16	–	117	–	133
Write-back of impairment loss	(100)	–	(270)	–	(370)
At 1 June 2008	115	–	1,364	–	1,479
Depreciation for the year	16	–	118	–	134
At 31 May 2009	131	–	1,482	–	1,613
Net carrying amount					
At 31 May 2009	688	2,410	8,057	804	11,959
At 31 May 2008	704	–	8,175	–	8,879

The freehold and leasehold properties with carrying value of $688,000 (2008: $704,000) and $8,057,000 (2008: $8,175,000) respectively are mortgaged to banks for credit facilities granted to subsidiaries.

The fair value of the investment properties excluding investment properties under construction at 31 May 2009 is approximating $10,200,000 (2008: $13,080,000).

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

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

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

Investment properties are properties held either to earn rental income or capital appreciation or both. These do not include properties held for sale in the ordinary course of business with the exception of the two investment properties, Kovan Residences and The Ritz-Carlton Residences, which were acquired with the intention of resale in future.

6. Intangible assets

(a) *Goodwill on consolidation*

	Group	
	2009	**2008**
	$'000	$'000
Goodwill arising from consolidation:		
At 1 June	129	1
Additions	–	128
At 31 May	129	129

Impairment test of goodwill

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

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

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

- Budgeted gross margins – Gross margins are based on budgeted margins expected to be achieved from the development property project approved by the management.

- Pre-tax discount rates - Discount rates reflect management's estimate of the specific risk relating to the property development segment.

(b) *Club membership*

	Group	
	2009	**2008**
	$'000	$'000
At cost	36	36
Less: accumulated amortisation and impairment loss	(18)	(18)
	18	18
Written-off	(18)	–
	–	18
Total	129	147

7. Investments in subsidiaries

	Company 2009 $'000	Company 2008 $'000
Shares, at cost	28,688	28,088

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 2009 %	Effective equity held by the Group 2008 %	Cost of investment 2009 $'000	Cost of investment 2008 $'000
Held by the Company						
Lian Beng Construction (1988) Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	10,539	10,539
L.S. Construction Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	3,308	3,308
Lian Beng Engineering & Machinery Pte Ltd **	Provision of engineering works and sale, rental and maintenance of construction machinery and equipment	Singapore	100	100	1,179	1,179
Tradewin Engineering Pte Ltd (formerly known as Tradewin Machinery and Equipments Pte Ltd) **	Sale, rental and maintenance of construction machinery and equipment and the provision of electrical works	Singapore	100	100	358	358
Lian Beng Investment Pte Ltd **	Property investment holding	Singapore	100	100	1,353	1,353
Lian Beng Realty Pte Ltd **	Property developer	Singapore	100	100	1,000	1,000
Rocca Investments Pte Ltd **	Property developer	Singapore	100	100	1,400	1,400
Deenn Engineering Pte Ltd **	General building construction and civil engineering works	Singapore	100	100	8,500	8,500

7. Investments in subsidiaries (cont'd)

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	2008 %	Cost of investment 2009 $'000	2008 $'000
Held by the Company						
Smooth Venture Pte Ltd **	Business of an investment company	Singapore	100	100	1	1
Sinmix Pte Ltd **	Manufacture and supply of concrete	Singapore	90	90	450	450
CH Development Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
Kovan Land Pte Ltd **	Investment holding	Singapore	100	100	# –	# –
LB Property Pte Ltd **	Provision of management services	Singapore	100	100	# –	# –
Goldprime Investment Pte Ltd ***	Investment holding	Singapore	100	100	# –	# –
LB Land Pte Ltd **	Investment holding	Singapore	67	67	# –	# –
Millennium International Builders Pte Ltd**	General building construction and civil engineering works	Singapore	100	–	600	–
Held by subsidiaries						
Lian Beng (Bangladesh) Training and Testing Centre Pte Ltd *	Provision of training for construction workers	Bangladesh	70	70	–	–
Lian Beng Training & Testing Centre Pte Ltd **	Provision of management services	Singapore	70	70	–	–
Mountbatten Development Pte Ltd **	Property developer	Singapore	100	100	–	–
					28,688	28,088

* Audited by Dewan Nazrul Islam & Co

** Audited by Ernst & Young LLP, Singapore

*** Not required to be audited as the Company is dormant

\# Denotes less than $1,000

8. Investments in jointly-controlled entities

(a) *Investments in jointly-controlled entities*

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

Name of Company	Principal activities	Country of incorporation and place of business	2009 %	2008 %
Lian Beng – Amin Joint Venture Private Limited *	General building construction and civil engineering works	Republic of Maldives	50	50
Phileap Pte Ltd **	Property developer	Singapore	25	25
LB-RD JV **	General building construction and civil engineering works	Singapore	50	–
Lian Beng – Ri Dong JV Pte Ltd ***	Dormant	Singapore	50	–

* Audited by an associated firm of Ernst & Young LLP, Singapore
** Audited by Ernst & Young LLP, Singapore
*** Currently in the process of being strike-off

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade	4,634	4,624	–	–
Less: Impairment loss	(2,452)	–	–	–
	2,182	4,624	–	–
Non-trade	3	15,017	6	6
Less: Impairment loss	(3)	–	(6)	–
	2,182	19,641	–	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 2009	Group 2008
	$'000	$'000
Assets and liabilities :		
Current assets	70,931	67,206
Non-current assets	112	453
Total assets	71,043	67,659
Current liabilities	(31,104)	(24,870)
Non-current liabilities	(42,258)	(43,858)
Total liabilities	(73,362)	(68,728)
Income and expenses :		
Income	6,768	8,318
Expenses	(7,939)	(10,722)

9. Asset held for sale

	Group and Company 2009	Group and Company 2008
	$'000	$'000
Investment in jointly-controlled entity :		
Shares, at cost	2,000	2,000
Less: Impairment loss	(2,000)	(2,000)
	–	–

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

Name of Company	Principal activities	Country of incorporation and place of business	2009	2008
			%	%
Lian Beng Energy Pte Ltd	Investment holding and the provision of agency services	Singapore	50	50

9. Asset held for sale (cont'd)

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

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

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.

In prior 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.

During the current financial year, the Company has taken legal action against Manhattan for breach of the terms of the sale and purchase agreement. As at the date of audit report, the outcome of the legal action is still uncertain, and the financial statements do not include any adjustment or provision for this uncertainty.

10. Investment securities

		Group	
		2009	**2008**
		$'000	$'000
(a)	**Non-current**		
	Available-for-sale financial assets		
	Quoted equity investments	309	415
	Unquoted equity investments	8,335	490
		8,644	905
(b)	**Current**		
	Held for trading investments		
	Quoted equity investments	10	12

11. Construction work-in-progress

	Group 2009 $'000	Group 2008 $'000
Construction costs	687,250	813,662
Attributable profits less recognised losses	62,463	56,591
	749,713	870,253
Progress billings	(759,029)	(834,475)
	(9,316)	35,778
Represented by:		
Construction work-in-progress	29,522	38,180
Progress billings in excess of construction work-in-progress	(38,838)	(2,402)
	(9,316)	35,778

The following were capitalised in construction costs during the year:

	2009 $'000	2008 $'000
Depreciation of plant and machinery	919	888
Staff costs	13,922	11,378
Operating lease expenses	771	1,636

12. Development properties/properties held for sale

		Group 2009 $'000	Group 2008 $'000
(a)	Development properties		
	Freehold land, at cost	120,817	120,628
	Development expenditure	17,239	14,748
	Interest costs	5,928	3,721
	Property tax	481	286
		144,465	139,383
	Foreseeable losses	(908)	(594)
		143,557	138,789
	Progress billings	(30,159)	(24,554)
		113,398	114,235
	Less: Transfer to properties held for sale	(5,840)	(6,154)
		107,558	108,081
(b)	Properties held for sale	5,840	6,154

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

Properties held for sale and development properties with carrying amount of $5,840,000 (2008: $6,154,000) and $107,558,000 (2008: $108,081,000) respectively are pledged to banks for loans granted to subsidiaries and a jointly-controlled entity (Note 22).

The interest on bank borrowings capitalised in the current financial year amounting to $2,207,000 (2008: $854,000 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 2009 %	2008 %
A mixed use commercial cum residential building at Balestier Road, Singapore	Freehold	1,540	Certificate of statutory completion has been issued on 21 December 2005	100	100
Proposed condominium development of 3 blocks of 5 storey residential building with basement and attic at Mountbatten Road, Singapore	Freehold	4,443	Building under construction and expected completion date on July 2011	100	100
Proposed condominium housing development of 2 blocks of 30 storey apartment flats at No. 1 & 3 Khiang Guan Avenue (Lincoln Suites), Singapore	Freehold	5,573	Statutory approval obtained. Awaiting sale launch and construction.	25	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 or construction has not reached the required percentage of completion for the profit to be recognised. If the Group had adopted the completion of construction method, the impact on the financial statements will be the same.

13. Inventories

	Group 2009 $'000	Group 2008 $'000
Balance sheet:		
Raw materials (at cost)	2,083	721
Income statement:		
Inventories recognised as an expense in cost of sale	34,040	8,966

14. Trade receivables

	Group	
	2009	**2008**
	$'000	$'000
Trade receivables	54,598	35,366
Retention monies on construction contracts	33,510	24,197
	88,108	59,563
Less: Allowance for doubtful receivables	(904)	(3,495)
	87,204	56,068

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $7,772,000 (2008: $4,175,000), 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	
	2009	**2008**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	1,734	713
30 to 60 days	3,339	82
61-90 days	36	255
91-120 days	56	577
More than 120 days	2,607	2,548
	7,772	4,175

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**	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	–	–	908	3,495
Less: Allowance for impairment	–	–	(904)	(3,495)
	–	–	4	–
Movement in allowance accounts:				
At 1 June	–	–	3,495	4,015
Charge for the year	–	–	618	41
Bad debts written off	–	–	(3,209)	(561)
At 31 May	–	–	904	3,495

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current				
Other receivables	19,533	20,497	22	4
Deposits	702	1,149	13	–
Amount due from ex-jointly- controlled partner	9,474	6,572	9,405	6,503
Tax recoverable	77	1	77	1
	29,786	28,219	9,517	6,508
Allowance for doubtful receivables	(395)	(7)	–	–
	29,391	28,212	9,517	6,508
Non-current				
Amount due from an affiliated company	2,494	8,155	–	–
Amount due from ex-jointly-controlled partner	9,474	9,474	9,405	9,405
Less: Impairment loss	(69)	(222)	–	(222)
	11,899	17,407	9,405	9,183
Less: Amount receivable within 12 months	(9,405)	(6,572)	(9,405)	(6,503)
Amount receivable after 12 months	2,494	10,835	–	2,680

The amount due from other receivables (current) are denominated in Singapore dollars, unsecured, interest-free except for an amount of $18,195,000 (2008: $Nil) which bears interest at 1.50% per annum, and repayable on demand.

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

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

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 0.03% to 3.96% (2008: 0.86% to 5.05%) per annum (Note 18) and have maturities ranging between 1 week and 12 months (2008: 1 week and 12 months).

18. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fixed deposits (Note 17)	7,656	2,915	1,115	1,169
Cash on hand and at banks	30,367	5,323	48	351
	38,023	8,238	1,163	1,520
Bank overdrafts (secured and unsecured) (Note 22)	(10,364)	(20,898)	–	–
Fixed deposits and cash at banks held as collateral by banks	(2,714)	(2,904)	(1,115)	(1,169)
	24,945	(15,564)	48	351

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

Included in cash and cash equivalents are amounts of $2,114,000 (2008: $466,255) maintained in the Project Account. The funds in the Project Account can only be applied in accordance with the Housing Developers (Project Account) Rules.

19. Trade payables and accruals

	Group	
	2009	2008
	$'000	$'000
Trade payables	56,547	40,510
Accrued operating expenses	6,759	4,124
	63,306	44,634

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

20. Other payables and deposits

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Refundable deposits	274	362	–	–
Advances received	3,485	1,370	–	–
Other payables	1,381	2,331	478	330
	5,140	4,063	478	330

21. Amounts due to related parties

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Amount due to minority shareholder of subsidiaries (non-trade)	3,535	2,771	–	–
Short-term loans from				
- subsidiaries	–	–	13,103	5,607
- shareholders of jointly-controlled entity	–	14,569	–	–
Amount due to a shareholder of jointly-controlled entity (trade)	407	–	–	–
	3,942	17,340	13,103	5,607

Group

Short-term loans, trade 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 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current liabilities				
(a) Bank overdrafts (Note 18)	10,364	20,898	–	–
(b) Short-term bank loans				
- Loan A	1,048	1,094	1,048	1,094
- Loan B	2,250	2,700	–	–
- Loan C	1,000	1,000	–	–
- Loan D	2,057	–	–	–
- Loan E	2,117	1,967	–	–
- Loan F	–	7,183	–	–
- Loan G	2,200	2,300	–	–
- Loan H	400	–	–	–
- Loan I	–	824	–	–
- Loan J	1,841	1,468	–	–
- Loan K	–	886	–	–
- Loan M	629	–	–	–
	13,542	19,422	1,048	1,094
Current portion of long-term bank loans				
- Loan L	1,158	–	–	–
- Loan N	250	250	–	–
- Loan O	148	–	–	–
	1,556	250	–	–
Total short-term bank loans	15,098	19,672	1,048	1,094
(c) Bills payable	885	3,625	–	–

22. Loans and borrowings (cont'd)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Non-current liabilities				
(b) Long-term bank loans				
- Later than one year but not later than five years				
- Loan L	3,842	–	–	–
- Loan N	1,000	1,000	–	–
- Loan O	651	–	–	–
- Loan P	35,740	33,807	–	–
- Loan Q	42,258	43,858	–	–
- Later than five years				
- Loan N	1,410	1,660	–	–
- Loan O	2,201	–	–	–
Total long-term bank loans	87,102	80,325	–	–

(a) ***Bank overdrafts***

Bank overdrafts bear interest of 5.0% to 5.5% (2008: 5.0% to 6.0%) per annum. The bank overdrafts are secured by a subsidiary's leasehold properties with a carrying value of $7,008,000 (2008: $7,100,000), 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 $1,115,000 (2008: $1,169,000). Interest is charged at 1.0% (2008: 1.0%) over the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.43% to 5.96% (2008: 5.31% to 6.09%) per annum.

Loan B

The short-term loan is secured over a subsidiary's properties held for sale with carrying amount of $5,840,000 (2008: $6,154,000) and is guaranteed by the Company. During the financial year, the Company used the rental proceed of $450,000 to repay the loan. Interest is charged at 1.50% (2008: 1.50%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.07% to 3.79% (2008: 2.88% to 4.10%) 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 $1,736,000 (2008: $1,779,000). These loans bear interest of 1.50% (2008: 1.50%) above the bank's cost of funds per annum and is guaranteed by the Company. During the financial year, interest was charged at rates ranging from 2.37% to 3.87% (2008: 2.41% to 4.17%) per annum.

Loan D

The short-term revolving 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 1.75% above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.13% to 3.87% per annum.

22. Loans and borrowings (cont'd)

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

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% (2008: 1.50%) above the bank's swap cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.45% to 4.08% (2008: 2.53% to 4.4%) per annum.

Loan F

The invoice financing or accounts receivables financing loan and Bill Receivable Purchase (BRP) were repaid on 3 September 2008. They were 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 was charged at 0.50% (2008: 0.50%) above the prime rate per annum. During the financial year, interest was charged at rates ranging from 4.75% to 7.75% (2008: 4.75%) 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% (2008: 1.50%) above the bank cost of funds per annum. During the financial year, interest was charged at rates ranging from 1.75% to 3.62% (2008: 2.0% to 4.25%) per annum.

Loan H

The invoice financing loan is repayable within 21 days and is guaranteed by the Company and secured by a legal charge over a subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank. Interest is charged at 1.75% above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.20% to 2.31% per annum.

Loan I

The short-term revolving loan was repaid on 6 March 2009. The loan was secured by a subsidiary's leasehold properties with a carrying value of S$7,008,000 (2008: S$7,100,000), a legal assignment of progress payments of a subsidiary's construction project and was guaranteed by the Company. Interest was charged at the prevailing market interest rate to be determined at the time of drawdown.

During the financial year, interest was charged at rates ranging from 2.45% to 4.26% (2008: 3.39%) 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 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% (2008: 1.50%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 1.93% to 3% (2008: 2.56% to 4.25%) per annum.

22. Loans and borrowings (cont'd)

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

Loan K
The short-term revolving loan was fully repaid during the year. 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% (2008: 1.50%) above the bank's swap cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.17% to 3.06% (2008: 2.57%) per annum.

Loan L
The long-term bridging loan is guaranteed by the Company. The loan is repayable by 48 equal monthly instalments commencing 1 July 2009. Interest will be charged at 5% per annum.

Loan M
Account receivables purchase financing loan is guaranteed by the Company and a subsidiary of the Company. It is secured by a legal charge over the subsidiary's contract or contract proceeds of the project and over the project account maintained with the bank.

Interest is charged at 0.75% above the prevailing bank prime rate. During the financial year, interest was charged at 5% per annum.

Loan N
The long-term loan is secured over a subsidiary's freehold land and building with carrying amount of $8,777,000 (2008: $8,826,000) 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% (2008: 1.75%) above the bank's cost of funds per annum. During the financial year, interest was charged at rates ranging from 2.75% to 3.00% (2008: 3.99% to 4.20%) per annum.

Loan O
The long term loan is secured by the following:

(1) The legal mortgage on a subsidiary's property;
(2) Assignment of all rights and benefits over the rental income in respect of the tenancies entered into for a subsidiary's property;
(3) Assignment of all rights and benefits arising under insurance policies taken in relation to the construction of the property;
(4) Deed of Corporate Guarantee of the Company.

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

22. Loans and borrowings (cont'd)

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

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

(1) The legal mortgage on a subsidiary's development property with carrying amount of $42,076,000 (2008: $44,491,000);
(2) Assignment of rights and benefits of a subsidiary in the sale and purchase agreements;
(3) Deed of Corporate Guarantee of a subsidiary company and the Company.

Interest is charged at 1.125% (2008: 1.125%) per annum over and above SIBOR rate. During the financial year, interest was charged at rates ranging from 2.19% to 4.00% (2008: 2.50% to 2.74%) 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 Q
The land loan is secured by the following:

(1) The legal mortgage on a jointly controlled entity's development property with carrying amount of $65,482,000 (2008: $$63,590,000);
(2) Debenture over all present and future assets of a jointly controlled entity;
(3) Assignment of all the rights, titles, interest and benefit of a jointly controlled entity under the Sale and Purchase Agreement in respect of the development property;
(4) Corporate guarantee given by the Company in the ratio of the shareholding held by the Company in a jointly controlled entity of 25%;
(5) Legal assignment of construction contract(s) and performance bonds;
(6) Legal assignment of insurance policies.

Interest is charged at 1.125% (2008: 1.125%) per annum over the relevant S$ Swap Offer Rate. During the financial year, interest was charged at rates ranging from 2.16% to 3.20% (2008: 2.68% to 3.20%) per annum. The land loan is repayable 48 months from date of its first drawdown on 9 January 2008 or 6 months after date of issuance of TOP for the development property, whichever is the earlier.

(c) ***Bills payable***

Bills payable are repayable within 60 days and are guaranteed by the Company and a director of a subsidiary company, are secured by legal charges over a subsidiary's construction contracts or contract proceeds of the projects and over the Project Account maintained with the bank. Interest is charged at 1.50% (2008: 1.50%) above the bank's swap cost of fund or 0.25% to 0.75% (2008: 0.25%) above prime rate per annum. During the financial year, interest was charged at 2.39% to 7.75% (2008: 3.43% 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	Interest	Present value of payments
	$'000	$'000	$'000
2009			
Not later than one year	2,395	(263)	2,132
Later than one year but not later than five years	4,526	(307)	4,219
Later than five years	73	(2)	71
	6,994	(572)	6,422
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

Lease terms range from 3 to 7 (2008: 3 to 7) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Interest is charged at rates ranging from 4.40% to 6.77% (2008: 4.71% to 6.77%) per annum.

24. Deferred tax liabilities

	Consolidated balance sheet		Consolidated income statement	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation	751	415	358	255
Provisions	(45)	(38)	(8)	2
Effect of change in tax rate	–	–	(21)	–
Total deferred tax liabilities	706	377		
Deferred income tax expense (Note 31)			329	257

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	
	2009	2008
	$'000	$'000
Deductible temporary differences	2,009	567
Tax losses	1,219	2,210
	3,228	2,777

25. Share capital

	Group and Company			
	2009		2008	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid :				
At 1 June	529,760	83,666	454,760	42,866
Issuance of ordinary shares for cash	–	–	75,000	40,800
Share issue expense	–	(1,391)	–	(1,391)
At 31 May	529,760	82,275	529,760	82,275

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

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	
	2009	2008
	$'000	$'000
At 1 June	(11)	(23)
Net effect of exchange differences arising from translation of financial statements of foreign operations	(60)	12
At 31 May	(71)	(11)

(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.

At 1 June	209	706
Net loss on fair value changes during the year	(106)	(497)
At 31 May	103	209
Total other reserves	32	198

27. Revenue

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Revenue from:				
- construction contracts	296,054	188,981	–	–
- provision of engineering works	50	434	–	–
Rental of plant and machinery	170	180	–	–
Sales of development properties	–	2,180	–	–
Maintenance of plant and machinery	5	–	–	–
Civil engineering and other works	(4)	125	–	–
Income from training of construction workers	614	908	–	–
Office rental income from affiliated companies	6	6	–	–
Office rental income from jointly-controlled entity	3	3	–	–
Project management - service income	1,440	458	–	–
Dividend income from unquoted subsidiaries	–	–	4,000	2,800
Sales of concrete	10,035	1,521	–	–
	308,373	194,796	4,000	2,800

28. Profit before taxation

Profit before taxation includes the following:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Other operating income:				
Dividend income				
- long-term quoted equity investments	12	24	–	–
Interest income				
- fixed deposits	51	112	14	29
- bank balances	2	38	1	36
- jointly-controlled entity	1	4	–	–
- others	311			
Gain on sale of plant and equipment	80	157	–	–
Gain on sale of plant and equipment				
- jointly-controlled entity	–	74	–	–
Operating lease income				
- affiliated companies	2	2	–	–
- others	1,157	758	–	–
Gain on sale of investment securities	–	72	–	–
Write back of impairment losses on investment properties	–	370	–	–
Write back impairment loss of other receivable	223	293	223	293
Doubtful debt recovered	–	69	–	–
Jobs credit	181	–	–	–
Gain on foreign exchange	348	–	28	–
Reversal of share of loss in jointly-controlled entity	960	–	–	–
Others	71	118	–	–
	3,399	2,091	266	358

28. Profit before taxation (cont'd)

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
(b) Other operating expenses:				
Depreciation of property, plant and equipment – office	1,215	820	–	–
Depreciation of investment properties	134	133	–	–
Loss on foreign exchange	–	1,041	–	18
Fair value loss on investment securities	2	6	–	–
Allowance for doubtful trade and other receivables	1,006	41	289	–
Allowance for amount due from jointly-controlled entity (trade and non-trade)	2,455	–	6	–
Share of loss in jointly-controlled entity	–	2,450	–	–
Allowance for foreseeable loss on property held for sale	314	–	–	–
Management fees	300	–	–	–
Write-off of club membership	18	–	–	–
Others	715	547	–	–
	6,159	5,038	295	18
(c) Other expenses:				
Non-audit fees				
- auditors of the Company	168	180	38	13
- other auditors	12	6	6	–
Depreciation of property, plant and equipment – others	2,196	1,470	–	–
Directors' fees to directors				
- of the Company	330	330	330	120
- of the subsidiaries	90	60	–	–
Operating lease expenses	2,155	2,553	–	–
Staff costs (Note 29)	25,269	18,833	–	–

29. Staff costs

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Wages and salaries	21,927	16,386	–	–
Contributions to defined contribution plans	1,784	1,399	–	–
Others	1,558	1,048	–	–
	25,269	18,833	–	–
Included in staff costs are directors' remuneration payable to:				
- directors of the Company	2,909	1,438	–	–
- directors of the subsidiaries	1,449	1,032	–	–
- directors of jointly-controlled entity	15	87	–	–
	4,373	2,557	–	–

The directors' remuneration payable to directors of the Company and directors of the subsidiaries excluded other benefits of $16,000 (2008: $26,000) and $62,000 (2008: $25,000) respectively.

30. Finance costs

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Interest expense on:				
- bank loans and bank overdrafts	3,695	2,832	48	62
- hire purchase	337	351	–	–
	4,032	3,183	48	62
Less: Interest expenses capitalised in development properties	(2,207)	(854)	–	–
	1,825	2,329	48	62

31. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 May 2009 and 2008 are:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Current income tax				
- current income taxation	3,645	3,527	1	–
- (Over)/under provision in respect of prior years	(374)	(394)	18	–
Deferred income tax	329	257	–	–
Income tax expense recognised in the income statement	3,600	3,390	19	–

Relationship between tax expense and accounting profit

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 May 2009 and 2008 is as follows:

Profit before taxation	20,831	15,418	3,022	2,585
Income tax using Singapore tax rate of 17% (2008: 18%)	3,541	2,775	514	465
Non-deductible expenses	746	1,402	134	39
Tax exempt income	(497)	(255)	(647)	(504)
Effect of change in tax rate	(21)	–	–	–
Utilisation of previously unrecognised deferred tax assets	(36)	(141)	–	–
Deferred tax assets not recognised	245	29	–	–
Consideration for losses transferred in from related company	83	79	–	–
Tax benefit on losses transferred in from related company	(83)	(79)	–	–
(Over)/under provision of current taxation in respect of prior years	(374)	(394)	–	–
Others	(4)	(26)	18	–
Income tax expense recognised in the income statement	3,600	3,390	19	–

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

32. Earnings per share – basic and diluted

Earnings per share is calculated based on the Group's net profit attributable to equity holders of the Company for the year of $17,012,000 (2008: $11,893,000) over 529,760,000 (2008: 497,765,000) shares, being the weighted average number of shares in issue during the year.

33. Significant related party transactions

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) Staff costs of $825,100 (2008: $720,600) 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 (2008: $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 (2008: $2,880) each to Evergrande Realty & Development Pte Ltd and Ong Sek Chong & Sons Pte Ltd.

(iv) A subsidiary, Lian Beng Construction (1988) Pte Ltd, leased storage space amounting to $106,000 (2008: $95,500) from Associated KHL Industries Pte Ltd.

(v) A subsidiary, Tradewin Engineering Pte Ltd, leased storage space amounting to $8,000 (2008: Nil) from Associated KHL Industries Pte Ltd.

	Group	
	2009	**2008**
	$'000	$'000
(b) ***Compensation of key management personnel***		
Short-term employee benefits	4,863	2,972
Central Provident Fund contributions	114	124
	4,977	3,096
Comprise amounts paid to:		
- Directors of the Company	3,255	1,794
- Other key management personnel	1,722	1,302
	4,977	3,096

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	
	2009	**2008**
	$'000	$'000
Capital commitments in respect of:		
Plant and equipments	2,815	697
Investment properties	10,276	–

(b) *Operating lease commitment – as lessee*

The Group has entered into commercial leases on certain land, equipment and office space. These non-cancellable leases have remaining lease terms of between 1 and 13 years.

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

	Group	
	2009	**2008**
	$'000	$'000
Not later than one year	1,640	841
Later than one year but not later than five years	3,184	2,387
Later than five years	2,891	3,178
	7,715	6,406

(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	
	2009	**2008**
	$'000	$'000
Not later than one year	398	450
Later than one year but not later than five years	137	327
	535	777

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
2009			
$500,000 and above	3	–	3
$250,000 to $499,999	–	–	–
Below $250,000	–	2	2
	3	2	5
2008			
$500,000 and above	1	–	1
$250,000 to $499,999	2	–	2
Below $250,000	1	2	3
	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 is as follows:

	Group			
	Carrying amount		Estimated fair value	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Hire purchase	6,422	5,939	6,608	6,199
Bank loan at fixed rate	5,000	–	5,154	–

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.

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

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 at floating rate

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

Hire purchase and bank loan at fixed rate

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

Other receivables (non-current)

The balance is stated at cost. It is non-interest bearing. The fair value is not determinable as it has no fixed repayment terms.

38. Classification of financial instrument

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Investment securities	10	12	–	–
Available-for-sale financial assets				
Investment securities	8,644	905	–	–
Loans and receivables				
Trade receivables	87,204	56,068	–	–
Other receivables and deposits	31,885	39,047	9,517	9,188
Receivables from related parties	10	13	60,957	53,422
Amounts due from jointly-controlled entities	2,182	19,641	–	6
Fixed deposits	7,656	2,915	1,115	1,169
Cash and bank balances	30,367	5,323	48	351
	159,304	123,007	71,637	64,136
Financial liabilities at amortised cost				
Trade payables	63,306	44,634	–	–
Other payables and deposits	5,140	4,063	478	330
Amounts due to related parties	3,942	17,340	13,103	5,607
Bank overdrafts	10,364	20,898	–	–
Bank loans	102,200	99,997	1,048	1,094
Bills payable	885	3,625	–	–
Obligations under hire purchase	6,422	5,939	–	–
	192,259	196,496	14,629	7,031

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.

<u>Exposure to credit risk</u>

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.

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			
	2009		2008	
	$'000	% of total	$'000	% of total
By country:				
Singapore	86,643	99	54,398	97
Maldives	561	1	1,670	3
	87,204	100	56,068	100
By industry sectors:				
Construction	86,759	99	54,959	98
Engineering and leasing of construction machinery	369	1	616	1
Property development	36	–	493	1
Investment holding	40	–	–	–
	87,204	100	56,068	100

At the balance sheet date, approximately:

– 56% (2008: 63%) of the Group's trade receivables were due from 5 major customers; and

– 2% (2008: 17%) of the Group's trade and other receivables were due from related parties while 86% (2008: 85%) 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 24% (2008: 35%) 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% (2008: 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.

	2009				**2008**			
	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	63,306	–	–	63,306	44,634	–	–	44,634
Other payables and deposits	5,140	–	–	5,140	4,063	–	–	4,063
Amounts due to related parties	3,942	–	–	3,942	17,340	–	–	17,340
Bank overdrafts	10,364	–	–	10,364	20,898	–	–	20,898
Bank loans	15,098	83,491	3,611	102,200	19,672	78,665	1,660	99,997
Bills payable	885	–	–	885	3,625	–	–	3,625
Obligations under hire purchase	2,132	4,219	71	6,422	1,695	4,126	118	5,939
	100,867	87,710	3,682	192,259	111,927	82,791	1,778	196,496
Company								
Other payables and deposits	478	–	–	478	330	–	–	330
Amounts due to related parties	13,103	–	–	13,103	5,607	–	–	5,607
Bank loans	1,048	–	–	1,048	1,094	–	–	1,094
	14,629	–	–	14,629	7,031	–	–	7,031

(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.

<u>Sensitivity analysis for interest rate risk</u>

At the balance sheet date, if SGD interest rates had been 75 (2008: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $167,000 (2008: $324,000) 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 $585,000 (2008: $582,000) lower/higher.

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

(d) *Foreign currency risk*

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and USD.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to $3,372,000 (2008: $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.

		2009	2008
		Profit net of tax	**Profit net of tax**
		$'000	$'000
EURO/SGD	- strengthened 3% (2008: 3%)	(20)	(20)
	- weakened 3% (2008: 3%)	20	20
USD/SGD	- strengthened 5% (2008: 10%)	385	796
	- weakened 5% (2008: 10%)	(385)	(796)

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 2009 and 31 May 2008.

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	
	2009	**2008**
	$'000	$'000
Bank overdrafts (Note 22)	10,364	20,898
Bank loans (Note 22)	102,200	99,997
Bills payable (Note 22)	885	3,625
Obligations under hire purchase (Note 23)	6,422	5,939
Trade payables and accruals (Note 19)	63,306	44,634
Other payables and deposits (Note 20)	5,140	4,063
Amount due to related parties (Note 21)	3,942	17,340
Less: Cash and cash equivalents (Note 18)	(38,023)	(8,238)
Net debt	154,236	188,258
Equity attributable to the equity holders of the Company	122,369	108,023
Less: Fair value adjustment reserve (Note 26)	(103)	(209)
Total capital	122,266	107,814
Capital and net debt	276,502	296,072
Gearing ratio	56%	64%

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 is 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, training of construction workers and manufacturing and supply of concrete.
Engineering and leasing of construction machinery	Provision of engineering and electrical works, 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*

2009	Construction $'000	Engineering and leasing of construction machinery $'000	Property development $'000	Investment holding $'000	Elimination $'000	Group $'000
Revenue :						
Revenue from external customers	307,042	167	1,155	9	–	308,373
Inter-segment revenue	975	8,705	–	4,286	(13,966)	–
Total revenue	308,017	8,872	1,155	4,295	(13,966)	308,373
Results :						
Segment results	23,062	895	(865)	(489)	(10)	22,593
Finance costs	(1,483)	(59)	(155)	(128)	–	(1,825)
Unallocated interest and investment income						63
Profit before taxation						20,831
Taxation						(3,600)
Profit for the year						17,231

2008	Construction $'000	Engineering and leasing of construction machinery $'000	Property development $'000	Investment holding $'000	Elimination $'000	Group $'000
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

41. Group segment reporting (cont'd)

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

2009	Construction $'000	Engineering and leasing of construction machinery $'000	Property development $'000	Investment holding $'000	Elimination $'000	Group $'000
Assets and liabilities:						
Segment assets	211,194	13,758	119,148	93,463	(95,258)	342,305
Unallocated assets						16,310
Total assets						358,615
Segment liabilities	138,477	8,268	121,111	20,011	(66,818)	221,049
Unallocated liabilities						14,821
Total liabilities						235,870
Other segment information:						
Capital expenditure	3,576	1,819	3	7,127	(260)	12,265
Other non-cash expenses	2,529	621	314	311	–	3,775
Other non-cash income	960	–	–	223	–	1,183
Depreciation and amortisation	2,967	709	36	4	(165)	3,551

2008	Construction $'000	Engineering and leasing of construction machinery $'000	Property development $'000	Investment holding $'000	Elimination $'000	Group $'000
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
Depreciation and amortisation	2,045	484	18	4	(127)	2,424

41. Group segment reporting (cont'd)

(b) ***Analysis by geographical segments***

	Singapore $'000	Maldives $'000	Elimination $'000	Group $'000
2009				
Revenue :				
Revenue from external customers	308,278	98	(3)	308,373
Other segment information:				
Segment assets	343,516	955	(2,166)	342,305
Unallocated assets				16,310
Total assets				358,615
Capital expenditure by geographical area	12,265	–	–	12,265
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

42. Dividends

	Group and Company	
	2009	2008
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- 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
Proposed but not recognised as a liability as at 31 May		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Exempt (one-tier) dividend for 2009: Final dividend of 0.4 cents and special dividend of 0.2 cents per share (2008: 0.472 cents exempt (one-tier) per share)	3,179	2,500

43. Contingent liabilities

As disclosed in Notes 9 and 15, the Company has taken legal action against Manhattan Resources Limited ("Manhattan") for breach of the terms of the sale and purchase agreement. However, in the same action, Manhattan has filed their defence and counterclaim against the Company denying liability on the basis of the non-fulfilment of the pre-condition for the shares purchase and claiming for losses that Manhattan has suffered arising from the aborted acquisition.

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

44. Authorisation of financial statements

The financial statements for the year ended 31 May 2009 were authorised for issue in accordance with a resolution of the directors on 28 August 2009.

Statistics of Shareholdings

As at 21 August 2009

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 66.15% of the issued ordinary shares of the Company were held in the hands of the public as at 21 August 2009 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8	0.08	3,032	0.00
1,000 - 10,000	5,118	51.12	33,726,243	6.37
10,001 - 1,000,000	4,858	48.52	242,787,001	45.83
1,000,001 and above	28	0.28	253,243,724	47.80
Total	**10,012**	**100.00**	**529,760,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	Number of Shares Held	Percentage
1	Ong Sek Chong & Sons Pte Ltd	133,782,400	25.25
2	Ong Pang Aik	17,100,800	3.23
3	United Overseas Bank Nominees Pte Ltd	15,246,000	2.88
4	Ong Lay Huan	11,275,200	2.13
5	OCBC Securities Private Limited	6,777,000	1.28
6	Phillip Securities Pte Ltd	6,476,000	1.22
7	Ong Lay Koon	6,275,200	1.18
8	UOB Kay Hian Pte Ltd	5,705,000	1.08
9	DBS Vickers Securities (S) Pte Ltd	5,587,398	1.05
10	Kim Eng Securities Pte Ltd	5,489,000	1.04
11	DBS Nominees Pte Ltd	4,937,000	0.93
12	Ang Mui Geok	4,828,799	0.91
13	Ho Ah Huat	3,058,000	0.58
14	Raffles Nominees (Pte) Ltd	2,948,000	0.56
15	OCBC Nominees Singapore Pte Ltd	2,940,000	0.55
16	Citibank Nominees Singapore Pte Ltd	2,558,000	0.48
17	Hong Leong Finance Nominees Pte Ltd	2,243,000	0.42
18	Lim & Tan Securities Pte Ltd	2,040,000	0.39
19	Yeo Boon Hing	2,000,000	0.38
20	Yeo Seng Buck	2,000,000	0.38
		243,266,797	45.92

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

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of LIAN BENG GROUP LTD (the "Company") will be held at No. 25, Playfair Road, Level 4, Lian Beng Building, Singapore 367990 on Friday, 25 September 2009 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 May 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final (tax exempt one-tier) dividend of 0.40 cents per ordinary share for the financial year ended 31 May 2009. **(Resolution 2)**

3. To declare a special (tax exempt one-tier) dividend of 0.20 cents per ordinary share for the financial year ended 31 May 2009. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-
   Ms Ong Lay Koon *[see explanatory note 1]* **(Resolution 4)**
   Dr Wan Soon Bee *[see explanatory note 2]* **(Resolution 5)**

5. To approve the payment of Directors' fees of S$330,000 (2008: S$120,000) for the financial year ended 31 May 2009. **(Resolution 6)**

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

AS SPECIAL BUSINESS:-

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

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

"That, authority be and is hereby given to the Directors of the Company to:

(i) (aa) allot and issue shares, whether by way of rights, bonus or otherwise; and/or

(bb) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Board may, in their absolute discretion, deem fit; and

(ii) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution);

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph 2 below) of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph 2 below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 1 above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent consolidation or subdivision of shares;

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

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company;

(5) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [see explanatory note 3]

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

"That subject to and pursuant to the general share issue mandate in resolution 8 above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST." [see explanatory note 4]

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

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries
Singapore

9 September 2009

EXPLANATORY NOTES:

1. Ms Ong Lay Koon will, upon re-election as a Director of the Company, remain as a member of the Audit Committee.

2. Dr Wan Soon Bee will, upon re-election as a Director of the Company, remains as the Chairman 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.

3. The Ordinary Resolution 8 proposed in item 7 above, if passed, will authorise the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company save that such number shall be up to 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company in relation to a pro-rata renounceable rights issue to existing shareholders. 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.

4. The Ordinary Resolution 9 proposed in item 8 above, if passed, will authorise the Directors to issue new shares (other than on a pro-rata basis to shareholders of the Company) at an issue price of up to 20% discount to the weighted average price per share.

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.

LIAN BENG GROUP LTD
Registration No. 199802527Z
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Lian Beng Group Ltd, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name) of

____ (Address)

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

Name	NRIC/Passport 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 Friday, 25 September 2009 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 2009		
2.	Payment of proposed first and final dividend		
3.	Payment of proposed special dividend		
4.	Re-election of Ms Ong Lay Koon as a Director		
5.	Re-election of Dr Wan Soon Bee as a Director		
6.	Approval of Directors' fees		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8.	Authority to allot and issue shares		
9.	Authority to issue shares at a discount		

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

Dated this __________ day of ________________ 2009.

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.

聯明集團有限公司
LIAN BENG GROUP LTD

25 Playfair Road, Lian Beng Building
Singapore 367990
Tel: (65) 6283 1468
Fax: (65) 6280 9360

www.lianbeng.com.sg