



Second Quarter And First Half Financial Statement And Dividend Announcement

Second Quarter And First half financial statements on consolidated results for the period ended 30 November 2014.

These figures have not been audited.

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

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

	The Group					
	Second Quarter Ended		% Increase /(Decrease)	Half Year Ended		% Increase /(Decrease)
	30.11.2014	30.11.2013		30.11.2014	30.11.2013	
	S\$'000	S\$'000	S\$'000	S\$'000		
	Restated		Restated			
Revenue	199,974	140,387	42.4%	367,611	291,638	26.1%
Cost of sales	(183,009)	(125,776)	45.5%	(333,999)	(257,960)	29.5%
Gross profit	16,965	14,611	16.1%	33,612	33,678	-0.2%
Other operating income	3,178	1,897	67.5%	5,407	3,457	56.4%
Distribution expenses	(181)	(184)	-1.6%	(242)	(288)	-16.0%
Administrative expenses	(6,076)	(4,510)	34.7%	(11,530)	(8,857)	30.2%
Other operating expenses	(2,593)	(1,440)	80.1%	(4,837)	(2,925)	65.4%
Finance costs	(1,288)	(592)	117.6%	(2,673)	(1,069)	150.0%
Share of results of associates	11,948	(967)	*nm	13,116	(2,596)	*nm
Share of results of joint ventures	4,448	3,641	22.2%	8,340	1,632	411.0%
Profit before taxation	26,401	12,456	112.0%	41,193	23,032	78.9%
Taxation	(1,324)	(1,585)	-16.5%	(2,637)	(3,395)	-22.3%
Profit for the period	25,077	10,871	130.7%	38,556	19,637	96.3%
Other comprehensive income :						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation loss	(18)	3	*nm	(2)	(4)	-50.0%
Net (loss) / gain on fair value changes of available-for- sale financial assets	(2,651)	252	*nm	(7,272)	156	*nm
Other comprehensive (loss) / income for the period, net of tax	(2,669)	255	*nm	(7,274)	152	*nm
Total comprehensive income for the period	22,408	11,126	101.4%	31,282	19,789	58.1%
Profit attributable to :						
Owners of the Company	23,519	9,746	141.3%	35,491	17,297	105.2%
Non-controlling interests	1,558	1,125	38.5%	3,065	2,340	31.0%
	25,077	10,871	130.7%	38,556	19,637	96.3%
Total comprehensive income attributable to:						
Owners of the Company	20,850	10,001	108.5%	28,217	17,449	61.7%
Non-controlling interests	1,558	1,125	38.5%	3,065	2,340	31.0%
	22,408	11,126	101.4%	31,282	19,789	58.1%

Note :

A) Net loss on fair value changes of available-for-sale financial assets of \$7.3 million in 1H15 was mainly due to the unrealised loss arising from the valuation of 38 million quoted ordinary shares of Centurion Corporation Limited ("CCL").

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	The Group						
	Second Quarter Ended		% Increase /(Decrease)	Half Year Ended		% Increase /(Decrease)	
	30.11.2014	30.11.2013		30.11.2014	30.11.2013		
	S\$'000	S\$'000	S\$'000	S\$'000			
	Restated		Restated				
Other income including interest income	Note 1	2,258	1,508	49.7%	4,101	2,799	46.5%
Gain on disposal of plant & equipment		864	190	354.7%	982	389	152.4%
Depreciation of property, plant and equipment	Note 2	(3,879)	(2,879)	34.7%	(7,615)	(5,598)	36.0%
Foreign exchange (loss) / gain		(19)	(15)	26.7%	(36)	-	*nm
Dividend income from investment securities	Note 3	6	10	-40.0%	200	15	1233.3%
Bad debt written off	Note 4	306	4	*nm	306	4	*nm

* Not Meaningful

Explanatory notes:

- 1 The increase in other income and interest income from \$2.8 million in 1H14 to \$4.1 million in 1H15 was mainly due to the increase in corporate bond interest received.
- 2 The increase in depreciation of property, plant and equipment from \$5.6 million in 1H14 to \$7.6 million in 1H15 was mainly due to the addition of plant and equipment as well as purchases of vessels.
- 3 The increase in dividend income from \$0.015 million in 1H14 to \$0.2 million in 1H15 mainly arose from the Group's investment securities in CCL.
- 4 Bad debt written off increased to \$0.3 million was mainly due to the termination of the joint venture investment in Cambodia.

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

	The Group		The Company	
	S\$'000		S\$'000	
	30-Nov-14	31-May-14	30-Nov-14	31-May-14
		Restated		Restated
<u>Non-current assets</u>				
Property, plant and equipment	94,238	82,038	-	-
Investment properties	313,998	262,386	-	-
Investments in joint ventures	13,967	5,628	700	700
Investments in subsidiaries	-	-	67,290	51,130
Investments in associates	2,783	-	1,200	1,200
Deferred tax assets	160	305	-	-
Investment securities	53,178	98,918	21,470	28,120
	478,324	449,275	90,660	81,150
<u>Current assets</u>				
Construction work-in-progress in excess of progress billings	7,576	9,252	-	-
Development properties	19,302	22,325	-	-
Development properties held for sale	4,968	4,968	-	-
Inventories	5,667	4,504	-	-
Trade receivables	160,843	132,539	-	-
Other receivables and deposits	16,496	22,023	129	130
Prepayments	1,782	1,722	1	4
Receivables from related parties	1	1	143,535	117,197
Amounts due from joint ventures	56,297	74,925	19,329	36,928
Amounts due from associates	112,077	94,607	4,760	9,224
Investment securities	42,314	1,013	-	-
Cash and cash equivalents	166,885	148,237	20,744	35,369
	594,208	516,116	188,498	198,852
<u>Current liabilities</u>				
Progress billings in excess of construction work-in-progress	115,792	82,483	-	-
Trade and other payables	185,632	148,086	60	46
Accruals	13,813	24,216	386	448
Amounts due to associates	12,269	12,249	76	-
Amounts due to joint ventures	33,166	33,272	-	-
Amounts due to subsidiaries	-	-	148,125	148,845
Bank loans	57,211	52,109	-	-
Bill Payable	406	-	-	-
Obligations under hire purchases	5,153	4,222	-	-
Provision for taxation	10,782	15,968	6	-
	434,224	372,605	148,653	149,339
Net current assets	159,984	143,511	39,845	49,513
<u>Non-current liabilities</u>				
Investment in associates	-	389	-	-
Refundable rental deposit	750	564	-	-
Bank loans	164,627	125,803	-	-
Obligations under hire purchase	11,957	8,354	-	-
Deferred tax liabilities	2,702	2,294	-	-
	180,036	137,404	-	-
Net assets	458,272	455,382	130,505	130,663
<u>Equity attributable to equity holders of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Treasury share	(11,972)	-	(11,972)	-
Capital reserve	(221)	474	-	-
Foreign currency translation reserve	(10)	(8)	-	-
Fair value adjustment reserve	170	7,442	(250)	6,400
Retained earnings	328,025	304,454	60,452	41,988
	398,267	394,637	130,505	130,663
Non-controlling interests	60,005	60,745	-	-
Total equity	458,272	455,382	130,505	130,663

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

Amount repayable in one year or less, or on demand

As at 30 November 2014

Secured (S\$)	Unsecured (S\$)
62,770,000	-

As at 31 May 2014

Secured (S\$)	Unsecured (S\$)
56,331,000	-

Amount repayable after one year

As at 30 November 2014

Secured (S\$)	Unsecured (S\$)
176,584,000	-

As at 31 May 2014

Secured (S\$)	Unsecured (S\$)
134,157,000	-

Details of any collateral

As at 30 November 2014, the Group's borrowings of S\$239.4 million (31 May 2014 : S\$190.5 million) are secured by the Group's freehold and leasehold properties, development properties, investment properties, barges, tug boats, plant, machinery and motor vehicles and investment securities. The bank facilities of the subsidiary companies are also secured by corporate guarantees from the Company.

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

	The Group		The Group	
	Second Quarter ended		Half Year ended	
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
		Restated	Restated	
Cash flows from operating activities	S\$'000	S\$'000	S\$'000	S\$'000
Profit before tax	26,401	12,456	41,193	23,032
Adjustments for:-				
Depreciation of property, plant and equipment	3,879	2,879	7,615	5,598
Dividend income from investment securities	(6)	(10)	(200)	(15)
Gain on disposal of property, plant and equipment	(864)	(190)	(982)	(389)
Net fair value loss / (gain) on investment securities	2	(1)	3	-
Gain on disposal of investment securities	-	(154)	(23)	(154)
Interest income	(1,589)	(1,149)	(2,957)	(2,106)
Interest expense	1,288	592	2,673	1,069
Unrealised exchange differences	(16)	13	-	2
Asset written off	-	-	-	4
Bad debt written off	306	4	306	4
Share of results of associates and joint ventures	(16,396)	(2,674)	(21,456)	964
Operating cash flows before changes in working capital	13,005	11,766	26,172	28,009
Changes in working capital :-				
Development properties	3,289	(13,717)	3,166	(14,890)
Construction work-in-progress	24,653	(3,471)	35,750	2,734
Inventories	2,434	3,981	(1,163)	(1,981)
Trade receivables	(21,280)	29,519	(28,304)	13,009
Other receivables and deposits	(610)	(4,139)	5,515	(11,084)
Prepayments	(348)	108	(60)	392
Property held for sale	-	421	-	421
Trade payables, other payables and accruals	11,837	(5,512)	23,981	17,280
Balances with related parties	2,606	(1,699)	(11,560)	(19,589)
	22,581	5,491	27,325	(13,708)
Cash flows from operations	35,586	17,257	53,497	14,301
Interest paid capitalised in development properties	(70)	(185)	(143)	(347)
Income tax paid	(7,209)	(4,139)	(7,271)	(4,937)
Net cash flows from operating activities	28,307	12,933	46,083	9,017
Cash flows from investing activities				
Interest received	2,151	987	2,886	1,930
Dividend income from investment securities	6	10	200	15
Dividend income from an associate	9,880	-	9,880	-
Additional investment in investment securities	-	(62,059)	(3,754)	(62,716)
Purchase of property, plant and equipment	(8,815)	(3,938)	(13,576)	(7,260)
Purchase of investment properties	(390)	(1,643)	(51,612)	(9,121)
Proceeds from disposal of property, plant and equipment	946	234	1,070	433
(Loan to) / repayment of loan by associates	2,864	3,012	(11,331)	15,332
Investment in associates	(2)	(1,200)	(2)	(1,200)
Repayment by joint ventures	6,417	14,797	23,909	14,122
Proceeds from disposal of investment securities	250	7,772	1,024	7,772
Net cash flows from / (used in) investing activities	13,307	(42,028)	(41,306)	(40,693)
Cash flows from financing activities				
Interest paid	(1,287)	(592)	(2,673)	(1,069)
Proceeds from bank loans and bills payable	4,856	50,531	44,933	63,508
Repayment of hire purchase creditors	(1,280)	(1,198)	(1,794)	(2,365)
Repayment of bank loans	428	(306)	(601)	(610)
Dividend paid on ordinary shares	(11,920)	(6,622)	(11,920)	(6,622)
Purchase of treasury shares	(11,972)	-	(11,972)	-
Dividend paid to a non-controlling shareholder of a subsidiary	(4,500)	(300)	(4,500)	(300)
Loan from the minority shareholder of a subsidiary company	-	2,217	2,400	2,217
Capital contribution from a non-controlling shareholder	-	350	-	350
Net cash flows (used in) / from financing activities	(25,675)	44,080	13,873	55,109
Net increase in cash and cash equivalents	15,939	14,985	18,650	23,433
Cash and cash equivalents at beginning of the period	150,948	148,984	148,237	140,532
Effect of exchange rate changes on cash and cash equivalents	(2)	(10)	(2)	(6)
*Cash and cash equivalents at end of the period	166,885	163,959	166,885	163,959
* Breakdown of cash and cash equivalents at the end of period :				
Cash at bank and in hand	126,969	99,764	126,969	99,764
Fixed deposits	39,916	64,195	39,916	64,195
Total	166,885	163,959	166,885	163,959

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

	Group							
	Share Capital	Treasury Shares	Capital reserve	Translation Reserves	Fair Value Adjustment Reserves	Retained earnings	Non-controlling interests	Total equity
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
(i) Group - 1H FY2014								
Balance as at 1 June 2013	82,275	-	474	(11)	592	177,320	1,444	262,094
Effect of the change in accounting policy	-	-	-	-	-	46,618	28,245	74,863
As restated at 1 June 2013	82,275	-	474	(11)	592	223,938	29,689	336,957
Profit for the period	-	-	-	-	-	17,297	2,340	19,637
<u>Other comprehensive income</u>								
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	156	-	-	156
Foreign currency translation loss	-	-	-	(4)	-	-	-	(4)
Other comprehensive (loss) / income for the period, net of tax	-	-	-	(4)	156	-	-	152
Total comprehensive (loss) / income for the period	-	-	-	(4)	156	17,297	2,340	19,789
<u>Contribution by and distribution to owners</u>								
Capital contributed by non-controlling interest	-	-	-	-	-	-	350	350
Dividend on ordinary shares	-	-	-	-	-	(6,622)	(300)	(6,922)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(6,622)	50	(6,572)
Balance as at 30 Nov 2013	82,275	-	474	(15)	748	234,613	32,079	350,174
(ii) Group - 1H FY2015								
Balance as at 1 June 2014	82,275	-	474	(8)	7,442	304,454	60,745	455,382
Profit for the period	-	-	-	-	-	35,491	3,065	38,556
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(7,272)	-	-	(7,272)
Foreign currency translation loss	-	-	-	(2)	-	-	-	(2)
Other comprehensive income / (loss) for the period, net of tax	-	-	-	(2)	(7,272)	-	-	(7,274)
Total comprehensive income / (loss) for the period	-	-	-	(2)	(7,272)	35,491	3,065	31,282
<u>Contribution by and distribution to owners</u>								
Disposal and acquisition of non-controlling interests without a change in control	-	-	(695)	-	-	-	695	-
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(4,500)	(4,500)
Dividend on ordinary shares	-	-	-	-	-	(11,920)	-	(11,920)
Purchase of treasury shares	-	(11,972)	-	-	-	-	-	(11,972)
Total transactions with owners in their capacity as owners	-	(11,972)	(695)	-	-	(11,920)	(3,805)	(28,392)
Balance as at 30 Nov 2014	82,275	(11,972)	(221)	(10)	170	328,025	60,005	458,272

	Group							
	Share Capital	Treasury Shares	Capital reserve	Translation Reserves	Fair Value Adjustment Reserves	Retained earnings	Non-controlling interests	Total equity
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
(iii) Group - 2Q FY2014								
Balance as at 1 Sept 2013	82,275	-	474	(18)	496	231,489	30,904	345,620
Profit for the period	-	-	-	-	-	9,746	1,125	10,871
<u>Other comprehensive income</u>								
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	252	-	-	252
Foreign currency translation loss	-	-	-	3	-	-	-	3
Other comprehensive income for the period, net of tax	-	-	-	3	252	-	-	255
Total comprehensive income for the period	-	-	-	3	252	9,746	1,125	11,126
<u>Contribution by and distribution to owners</u>								
Capital contributed by non-controlling interest	-	-	-	-	-	-	350	350
Dividend on ordinary shares	-	-	-	-	-	(6,622)	(300)	(6,922)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(6,622)	50	(6,572)
Balance as at 30 Nov 2013	82,275	-	474	(15)	748	234,613	32,079	350,174
(iv) Group - 2Q FY2015								
Balance as at 1 Sept 2014	82,275	-	474	8	2,821	316,426	62,252	464,256
Profit for the period	-	-	-	-	-	23,519	1,558	25,077
<u>Other comprehensive income</u>								
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(2,651)	-	-	(2,651)
Foreign currency translation loss	-	-	-	(18)	-	-	-	(18)
Other comprehensive loss for the period, net of tax	-	-	-	(18)	(2,651)	-	-	(2,669)
Total comprehensive income / (loss) for the period	-	-	-	(18)	(2,651)	23,519	1,558	22,408
<u>Contribution by and distribution to owners</u>								
Disposal and acquisition of non-controlling interests without a change in control	-	-	(695)	-	-	-	695	-
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(4,500)	(4,500)
Dividend on ordinary shares	-	-	-	-	-	(11,920)	-	(11,920)
Purchase of treasury shares	-	(11,972)	-	-	-	-	-	(11,972)
Total transactions with owners in their capacity as owners	-	(11,972)	(695)	-	-	(11,920)	(3,805)	(28,392)
Balance as at 30 Nov 2014	82,275	(11,972)	(221)	(10)	170	328,025	60,005	458,272

	Company				
	Share Capital	Treasury Shares	Fair Value Adjustment Reserves	Retained earnings	Total equity
<u>(v) Company - 1H FY2014</u>	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 June 2013	82,275	-	-	23,353	105,628
Loss for the period	-	-	-	(607)	(607)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(607)	(607)
<u>Distribution to owners</u>					
Dividends on ordinary shares	-	-	-	(6,622)	(6,622)
Balance as at 30 Nov 2013	82,275	-	-	16,124	98,399
<u>(vi) Company - 1H FY2015</u>					
As at 1 June 2014	82,275	-	6,400	41,988	130,663
Profit for the period	-	-	-	30,384	30,384
<u>Other comprehensive income</u>					
Net loss on fair value changes of available-for-sale financial assets	-	-	(6,650)	-	(6,650)
Other comprehensive loss for the period, net of tax	-	-	(6,650)	-	(6,650)
Total comprehensive loss for the period	-	-	(6,650)	30,384	23,734
<u>Distribution to owners</u>					
Purchase of treasury shares	-	(11,972)	-	-	(11,972)
Dividends on ordinary shares	-	-	-	(11,920)	(11,920)
Balance as at 30 Nov 2014	82,275	(11,972)	(250)	60,452	130,505

	Company				
	Share Capital	Treasury Shares	Fair Value Adjustment Reserves	Retained earnings	Total equity
<u>(vii) Company - 2Q FY2014</u>	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 Sept 2013	82,275	-	-	23,072	105,347
Loss for the period	-	-	-	(326)	(326)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(326)	(326)
<u>Distribution to owners</u>					
Dividends on ordinary shares	-	-	-	(6,622)	(6,622)
Balance as at 30 Nov 2013	82,275	-	-	16,124	98,399
<u>(viii) Company - 2Q FY2015</u>					
As at 1 Sept 2014	82,275	-	2,030	41,774	126,079
Profit for the period	-	-	-	30,598	30,598
<u>Other comprehensive income</u>					
Net loss on fair value changes of available-for-sale financial assets	-	-	(2,280)	-	(2,280)
Other comprehensive loss for the period, net of tax	-	-	(2,280)	-	(2,280)
Total comprehensive (loss) / income for the period	-	-	(2,280)	30,598	28,318
<u>Distribution to owners</u>					
Purchase of treasury shares	-	(11,972)	-	-	(11,972)
Dividends on ordinary shares	-	-	-	(11,920)	(11,920)
Balance as at 30 Nov 2014	82,275	(11,972)	(250)	60,452	130,505

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

		30-Nov-14	
		Number of Shares (excluding treasury shares)	Share Capital (S\$'000)
As at 1 June 2014		529,760,000	82,275
Share buyback during the financial period	Note 1	(18,585,000)	-
As at 30 November 2014		511,175,000	82,275

Note:

(1) In the months of October and November 2014, the Company purchased an aggregate of 18,585,000 ordinary shares by way of open market purchases for a total consideration of S\$11,971,601. These shares were held as treasury shares in the Company as at 30 Nov 2014.

As at 30 Nov 2014, the Company held 18,585,000 ordinary shares as treasury shares (30 Nov 2013: Nil).

Total number of issued shares of the Company excluding treasury shares as at 30 Nov 2014 and 30 Nov 2013 were 511,175,000 and 529,760,000 shares respectively.

Save for the foregoing, there are no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 1 June 2014.

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

	30-Nov-14	31-May-14
Total number of issued shares	529,760,000	529,760,000
Treasury shares	(18,585,000)	-
Total number of issued shares, excluding treasury shares	511,175,000	529,760,000

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

There were no sales, transfer, disposals, cancellations and/or use of treasury shares by the Company during the financial period ended 30 November 2014 (June to November 2013: Nil).

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

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

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

Not Applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 May 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 June 2014.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 June 2014 are :

FRS 27 Separate Financial Statements

FRS 28 Investments in Associates and Joint Ventures

FRS 110 Consolidated Financial Statements

FRS 111 Joint Arrangements

FRS 112 Disclosures of Interests in Other Entities

FRS 32 Offsetting Financial Assets and Financial Liabilities

FRS 36 Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets

FRS 39 Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting

Improvements to FRSs (January 2014)

FRS 19 Amendments to FRS 19: Defined Benefit Plans: Employee Contributions

Improvements to FRSs (February 2014)

INT FRS 121 Levies

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described in paragraph 5 below.

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

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures :

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 June 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities of the arrangement whereas a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

Management has assessed the impact of the above change in accounting standards on the Group's financials, and as a result, equity accounting for the Group's six joint venture companies, namely, Great Development Pte Ltd (25%), Phileap Pte Ltd (25%), Spottiswoode Development Pte Ltd (50%), Paul Y. - Lian Beng JV Pte Ltd (50%), Oxley - Lian Beng Pte Ltd (50%), and Wealth Development Pte Ltd (40%), has been applied in accordance with FRS 111 and the revised FRS 28. The change has been applied retrospectively, and accordingly, the financials as at 31 May 2014 have been restated.

FRS 112 Disclosure of Interests in Other Entities :

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 June 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it has no impact on the financial performance and position of the Group.

The effects on the Financial Statements for the adoption of the Amendments to FRS 111 are as follows:

Increase / (Decrease) :

Consolidated Statement of Financial Position

	As at 31 May 2014 \$' 000
<u>Non-Current Assets</u>	
Investments in joint ventures	5,628
Deferred tax assets	(286)
	<u>5,342</u>
<u>Current Assets</u>	
Development properties	(143,177)
Trade receivables	(26,058)
Other receivables and deposits	(158)
Amounts due from joint ventures	63,377
Amounts due from associates	(9,645)
Cash and cash equivalents	(28,469)
	<u>(144,130)</u>
<u>Current Liabilities</u>	
Progress billings in excess of construction WIP	(19)
Trade and other payables	(4,172)
Accruals	(782)
Amounts due to joint ventures	33,272
Bank loans	(25,895)
Provision for taxation	(132)
	<u>2,272</u>
<u>Non-Current Liabilities</u>	
Investment in associates	(174)
Bank loans	(139,597)
Deferred tax liabilities	(1,289)
	<u>(141,060)</u>
	<u>-</u>

Net Assets

Increase / (Decrease)

Consolidated Statement of Comprehensive Income

	<u>3 months ended 30-Nov-13 \$' 000</u>	<u>6 months ended 30-Nov-13 \$' 000</u>
Revenue	(24,182)	(36,418)
Cost of sales	(17,505)	(28,800)
Other operating income	622	1,187
Distribution expenses	(1,712)	(4,611)
Administrative expenses	(13)	(67)
Other operating expenses	(5)	(5)
Share of results of associates	3	3
Share of results of joint ventures	3,641	1,632
Taxation	(681)	(113)
Profit for the period, net of tax	-	-

Increase / (Decrease)

Consolidated Statement of Cash flows

	<u>3 months ended 30-Nov-13 \$' 000</u>	<u>6 months ended 30-Nov-13 \$' 000</u>
Operating	(8,751)	(32,585)
Investing	25,125	25,121
Financing	1,262	3,761
Net increase / (decrease) in cash and cash	<u>17,636</u>	<u>(3,703)</u>

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

Earnings per share attributable to equity holders of the Group (cents per share)	Second Quarter Ended		Half Year Ended	
	30-Nov-14	30-Nov-13	30-Nov-14	30-Nov-13
		Restated		Restated
(a) On the weighted average number of ordinary shares on issue	4.50	1.84	6.75	3.27
(b) On a fully diluted basis	4.50	1.84	6.75	3.27

Computed based on the following average number of shares

Basic	522,400,121	529,760,000	526,100,169	529,760,000
Diluted	522,400,121	529,760,000	526,100,169	529,760,000

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

	Group		Company	
	As at 30-Nov-14	As at 31-May-14	As at 30-Nov-14	As at 31-May-14
		Restated		Restated
Net asset value per ordinary share (cents)	77.91	74.49	25.53	24.66
Number of issued shares excluding treasury shares at the end of the financial period	511,175,000	529,760,000	511,175,000	529,760,000

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

A) Comprehensive Income Statements

The Group reported a 26.1% or \$76.0 million increase in revenue from \$291.6 million in 1H14 to \$367.6 million in 1H15. The increase in revenue was mainly due to an increase in revenue generated from the construction segment and workers' dormitory business after offsetting the decrease in revenue in ready-mixed concrete segment.

The Group's gross profit decreased slightly from \$33.7 million in 1H14 to \$33.6 million in 1H15. The gross profits were mainly contributed by the construction, dormitory and ready-mixed concrete segments.

Other operating income increased to \$5.4 million in 1H15 from \$3.5 million in 1H14 was due to increase in corporate bonds interest received in 1H15. Administrative expense increased from \$8.9 million in 1H14 to \$11.5 million in 1H15 which was mainly due to higher accrual for directors' remuneration on the Group's performance for 1H15 as well as increase in other administrative expenses. Other operating expense increased from \$2.9 million in 1H14 to \$4.8 million in 1H15 which was mainly due to increase in depreciation, bad debt written off arose from the termination of joint venture investment in Cambodia and increase in property tax expenses. Finance cost increased from \$1.1 million in 1H14 to \$2.7 million in 1H15 was due to interest paid for the loans obtained from the associates and joint ventures as well as loan for the bonds.

The share of results of associates and joint ventures increased to profit of \$21.5 million in 1H15 from the loss of \$1.0 million in 1H14 was mainly due to the disposal of the effective 19%-owned joint venture company, 122 Middle Investment Pte Ltd which owned the proposed hotel development at 122 Middle Road. The recognition of the Group's share of profits of associates and joint ventures from the development projects namely, Newest, KAP Residences and The Midtown also contributed to the share of profits of associates and joint ventures in 1H15.

Taxation decreased by 22.3% or \$0.8 million from \$3.4 million in 1H14 to \$2.6 million in 1H15 which was mainly due to claims made by the Group for the investment in innovation and productivity improvements under the Productivity and Innovation Credit ("PIC") Scheme.

Non-controlling interest ("NCI") increased from \$2.3 million in 1H14 to \$3.1 million in 1H15 which was mainly due to NCI's share of profit from the dormitory business.

After taking into account the other operating income, administrative, other operating and finance expenses, share of results of associates and joint ventures as well as taxation, the Group recorded a 96.3% increase in profit after tax to \$38.6 million for 1H15, compared to \$19.6 million for 1H14.

B) Financial Position Statements

Long term investment properties increased to \$314.0 million in 1H15 from \$262.4 million in FY2014 was mainly due to the acquisition of investment property located at 24 Leng Kee Road for redevelopment.

Investment in joint ventures increased to \$14.0 million in 1H15 from \$5.6 million in FY2014 was mainly due to the Group's share of profits in the joint ventures.

While long term investment securities decreased from \$98.9 million in FY2014 to \$53.2 million in 1H15, short term investment securities increased from \$1.0 million to \$42.3 million. This was mainly due to the reclassification of long-term investment bonds to short term investment securities when they became matured within the next 12 months.

Investment in associates increased from a negative of \$0.4 million in FY2014 to a positive of \$2.8 million in 1H15 was mainly due to the Group's share of profits in the associates.

Other receivables and deposits decreased from \$22.0 million in FY2014 to \$16.5 million in 1H15 was mainly due to the reclassification of deposit for the purchase of property located at 24 Leng Kee Road to investment property following the legal completion of the purchase.

Amounts due from joint ventures decreased from \$74.9 million in FY2014 to \$56.3 million in 1H15 was mainly due to the settlement of non-trade debts offset by increase in the trade debts between the joint ventures and the Group.

Amounts due from associates increased from \$94.6 million in FY2014 to \$112.1 million in 1H15 was mainly due to contributions to the associates for the purchases of hotel and residential development in Australia and Prudential Tower as well as increase in the trade debts between the associates and the Group.

In line with the increase in business activities, trade receivables, inventories, progress billings in excess of construction work in progress, trade and other payables all recorded increases.

Total borrowings increased from \$190.5 million in FY2014 to \$239.4 million in 1H15 mainly due to bank borrowing to finance the purchase of investment property located at 24 Leng Kee Road. Gearing was 18% as at 30 November 2014 as compared to 11% as at 31 May 2014.

C) Cash Flow Statements

Net cash generated from operating activities of \$46.0 million in 1H15 was mainly due to operating cash flow before changes in working capital of \$26.2 million and net working capital inflow of \$27.3 million after deducting payment of income tax and interest charges.

Net cash used in investing activities of \$41.3 million in 1H15 was mainly attributable to the purchase of investment property located at 24 Leng Kee Road and purchase of machineries and vessels offsetted partially by repayment of loans from the joint ventures and dividend received from the associate.

Net cash generated from financing activities of \$13.9 million in 1H15 was mainly attributable to additional bank loan drawn down to finance the purchase of the investment property located at 24 Leng Kee Road which was offset partially by dividend paid to shareholders and purchase of treasury shares.

Overall, cash and cash equivalents stood at \$166.9 million as at 30 November 2014, compared to \$164.0 million as at 30 November 2013.

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

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

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

Based on advance estimates from the MTI on 2 January 2015, the Singapore economy grew by 1.5% y-on-y in 4Q14, lower than the 2.8% growth in 3Q14. The construction sector grew by 0.8% on a y-on-y in 4Q14, moderating from the 1.3% growth in 3Q14. The growth was supported mainly by public sector construction activities.

The construction industry outlook is expected to remain challenging in the next 12 months with more intense market competition and increase in labour cost due to higher foreign worker levies.

Despite the challenging market conditions in the construction industry, the Group is cautiously optimistic as it has secured a pipeline of construction projects worth approximately S\$0.8 billion as at 30 November 2014 which will provide it with a sustainable flow of activities through FY2017.

The Group's 50% joint venture development projects such as the Midtown and Spottiswoode Suites which the Group has sold 96% and 78% of its development projects respectively will contribute profit respectively to the Group in FY15. The Group's 65% joint venture development project at Mandai Link has sold 93% of its development project and this will contribute revenue and profit to the Group in FY18. The Group's 10% and 15% associates' development projects such as NEWest and KAP Residences which have sold 85% and 99% of its development projects will contribute profit respectively to the Group in FY15.

The Group will also be co-developing a workers' dormitory and training centre for The Association of Process Industry ("ASPRI") at Jalan Papan. The proposed dormitory, when completed will also contribute to the Group's recurring income.

11 Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	\$0.01
Tax Rate	Tax exempt (1-Tier)

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable.

The date payable for the proposed interim dividend will be payable on or about 9 February 2015

(d) Books closure date.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 23 January 2015 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 23 January 2015 will be registered to determine shareholders' entitlements to such dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 January 2015 will be entitled to the proposed dividend.

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

Dividend has been declared/recommended for the financial period ended 30 November 2014.

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

Not applicable as no IPT mandate has been obtained.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not applicable

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

Not applicable

16 A breakdown of sales.

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
12-Jan-2015

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

**For the announcement of unaudited financial statements
for the half year ended 30 November 2014**

We, Ong Pang Aik and Ong Lay Koon, being Directors of Lian Beng Group Ltd (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited half year financial results for the half year ended 30 November 2014 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors.

Ong Pang Aik
Chairman and Managing Director

Ong Lay Koon
Executive Director

12-Jan-2015