



**LIAN BENG GROUP LTD**

**First Half Financial Statement And Dividend Announcement**

**First Half financial statements on consolidated results for the period ended 30 November 2013.**

These figures have not been audited.

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

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

|   | The Group                   |                             |                           |
|---|-----------------------------|-----------------------------|---------------------------|
|   | 6 months ended              | 6 months ended              | % Increase<br>/(Decrease) |
|   | 30 November 2013<br>S\$'000 | 30 November 2012<br>S\$'000 |                           |
| <b>Revenue</b>  | 328,056                     | 234,924                     | 39.6%                     |
| Cost of sales   | (286,786)                   | (204,329)                   | 40.4%                     |
| <b>Gross profit</b>   | 41,270                      | 30,595                      | 34.9%                     |
| Other operating income  | 2,270                       | 6,106                       | -62.8%                    |
| Distribution expenses   | (4,899)                     | (1,403)                     | 249.2%                    |
| Administrative expenses   | (8,924)                     | (8,306)                     | 7.4%                      |
| Other operating expenses  | (3,516)                     | (2,641)                     | 33.1%                     |
| Finance costs   | (1,069)                     | (482)                       | 121.8%                    |
| Share of results of associates  | (2,599)                     | 2                           | NM                        |
| <b>Profit before taxation</b>   | 22,533                      | 23,871                      | -5.6%                     |
| Taxation  | (3,508)                     | (4,091)                     | -14.3%                    |
| <b>Profit for the period</b>  | 19,025                      | 19,780                      | -3.8%                     |
| <b>Other comprehensive income :</b>                                   |                             |                             |                           |
| Foreign currency translation (loss) /gain                             | (4)                         | 9                           | -144.4%                   |
| Net gain on fair value changes of available-for-sale financial assets | 156                         | 77                          | 102.6%                    |
| Total other comprehensive income for the period, net of tax           | 152                         | 86                          | 76.7%                     |
|   |                             |                             |                           |
| Total comprehensive income for the period, net of tax                 | 19,177                      | 19,866                      | -3.5%                     |
|   |                             |                             |                           |
| <b>Profit attributable to :</b>                                       |                             |                             |                           |
| Owners of the Company   | 16,685                      | 19,213                      | -13.2%                    |
| Non-controlling interests   | 2,340                       | 567                         | 312.7%                    |
|   | 19,025                      | 19,780                      | -3.8%                     |
|   |                             |                             |                           |
| <b>Total comprehensive income attributable to:</b>                    |                             |                             |                           |
| Owners of the Company   | 16,837                      | 19,299                      | -12.8%                    |
| Non-controlling interests   | 2,340                       | 567                         | 312.7%                    |
|   | 19,177                      | 19,866                      | -3.5%                     |

**Notes to Income Statements:**

|   |        | The Group                   |                             |                           |
|---|--------|-----------------------------|-----------------------------|---------------------------|
|   |        | 6 months ended              | 6 months ended              | % Increase<br>/(Decrease) |
|   |        | 30 November 2013<br>S\$'000 | 30 November 2012<br>S\$'000 |                           |
| Other income including interest income                          | Note 1 | 1,612                       | 2,317                       | -30.4%                    |
| Gain on disposal of plant & equipment                           |        | 389                         | 280                         | 38.9%                     |
| Depreciation of property, plant and equipment                   | Note 2 | (5,598)                     | (4,602)                     | 21.6%                     |
| Depreciation of investment properties                           | Note 3 | (612)                       | (52)                        | 1076.9%                   |
| Dividend income from investment securities                      | Note 4 | 15                          | 2,212                       | -99.3%                    |
| Write back of impairment loss on unquoted investment securities | Note 5 | -                           | 1,194                       | NM                        |
| Overprovision of tax in respect of prior years                  | Note 6 | 286                         | -                           | NM                        |
| Foreign exchange loss   |        | (1)                         | (94)                        | -98.9%                    |
| Provision for doubtful debts                                    |        | 4                           | -                           | NM                        |
| Asset written off   |        | 4                           | -                           | NM                        |

\* Not Meaningful

**Explanatory notes:**

- 1 The decrease in other and interest income was mainly due to the decline in rental income following the cessation of the leases with the tenants as the building formerly known as Hougang Plaza had to be demolished for redevelopment. The decrease was also partly due to the cessation of interest charged in 1H14 to Emerald Land Pte Ltd ("Emerald") as the Group has disposed off its equity interest in Emerald in 2Q13.
- 2 The increase in depreciation of property, plant and equipment was mainly due to the addition of plant and equipment as well as purchase of vessels.
- 3 The increase in depreciation of investment properties was mainly due to depreciation charges provided for the two units of residential properties at 111 Emerald Hill as well as phases 1 and 2 dormitories which were completed in March and September 2013 respectively.
- 4 In 1H13, the dividend income received mainly arose from the Group's 19% investment securities. In 1H14, the results of these investment securities were equity accounted for as post-acquisition changes in the share of net assets of the associate.
- 5 The Group provided an impairment loss of \$1.2 million for the 10% effective interest in Emerald Land Pte Ltd ("Emerald") in FY12. In 1H13, the Group disposed its 10% effective interest in Emerald at cost and accordingly the impairment loss provided in prior year was reversed in 1H13.
- 6 The overprovision of tax in respect of prior years was due to the refund of tax for R & D claim now agreed by IRAS.

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-13      | 31-May-13      | 30-Nov-13      | 31-May-13      |
| <b><u>Non-current assets</u></b>                             |                |                |                |                |
| Property, plant and equipment                                | 63,411         | 58,775         | -              | -              |
| Investment properties  | 145,067        | 136,558        | -              | -              |
| Investment in associates                                     | -              | 1,104          | 1,400          | 200            |
| Investment in jointly-controlled entities                    | -              | -              | 500            | 500            |
| Investment in subsidiaries                                   | -              | -              | 47,306         | 46,656         |
| Investment securities  | 64,753         | 9,313          | -              | -              |
| Deferred tax assets  | 406            | 200            | -              | -              |
|  | <b>273,637</b> | <b>205,950</b> | <b>49,206</b>  | <b>47,356</b>  |
| <b><u>Current assets</u></b>                                 |                |                |                |                |
| Construction work-in-progress                                | 3,746          | 4,397          | -              | -              |
| Development properties                                       | 174,746        | 162,427        | -              | -              |
| Development properties held for sale                         | 4,968          | 5,389          | -              | -              |
| Inventories  | 8,897          | 6,916          | -              | -              |
| Trade receivables  | 137,482        | 161,168        | -              | -              |
| Other receivables and deposits                               | 3,660          | 2,266          | 3              | 4              |
| Prepayments  | 1,290          | 1,683          | 1              | 4              |
| Receivables from related parties                             | 1              | 1              | 86,979         | 70,996         |
| Amounts due from jointly-controlled entities                 | 9,876          | 7,032          | 26,879         | 26,879         |
| Amounts due from associates                                  | 72,427         | 63,541         | 15,480         | 15,100         |
| Investment securities  | 1,020          | 1,020          | -              | -              |
| Fixed deposits   | 78,995         | 69,533         | -              | -              |
| Cash and bank balances                                       | 119,020        | 101,352        | 4,506          | 831            |
|  | <b>616,128</b> | <b>586,725</b> | <b>133,848</b> | <b>113,814</b> |
| <b><u>Current liabilities</u></b>                            |                |                |                |                |
| Progress billings in excess of construction work-in-progress | 100,342        | 98,817         | -              | -              |
| Trade and other payables                                     | 159,932        | 134,803        | 97             | 68             |
| Accruals   | 13,791         | 15,030         | 241            | 431            |
| Amounts due to subsidiaries                                  | -              | -              | 84,317         | 55,043         |
| Bank loans   | 89,287         | 2,963          | -              | -              |
| Bills payable  | 528            | -              | -              | -              |
| Current portion of obligations under hire purchase           | 4,386          | 4,351          | -              | -              |
| Provision for taxation                                       | 7,671          | 9,303          | -              | -              |
|  | <b>375,937</b> | <b>265,267</b> | <b>84,655</b>  | <b>55,542</b>  |
| <b>Net current assets</b>                                    | <b>240,191</b> | <b>321,458</b> | <b>49,193</b>  | <b>58,272</b>  |
| <b><u>Non-current liabilities</u></b>                        |                |                |                |                |
| Investment in associates                                     | 497            | -              | -              | -              |
| Bank loans   | 228,572        | 256,276        | -              | -              |
| Obligations under hire purchase                              | 7,410          | 6,787          | -              | -              |
| Deferred tax liabilities                                     | 2,650          | 2,251          | -              | -              |
|  | <b>239,129</b> | <b>265,314</b> | <b>-</b>       | <b>-</b>       |
| <b>Net assets</b>  | <b>274,699</b> | <b>262,094</b> | <b>98,399</b>  | <b>105,628</b> |
| <b><u>Equity attributable to owners of the Company</u></b>   |                |                |                |                |
| Share capital  | 82,275         | 82,275         | 82,275         | 82,275         |
| Capital reserve  | 474            | 474            | -              | -              |
| Foreign currency translation reserves                        | (15)           | (11)           | -              | -              |
| Fair value adjustment reserves                               | 748            | 592            | -              | -              |
| Retained earnings  | 187,383        | 177,320        | 16,124         | 23,353         |
|  | 270,865        | 260,650        | 98,399         | 105,628        |
| Non-controlling interests                                    | 3,834          | 1,444          | -              | -              |
| <b>Total equity</b>  | <b>274,699</b> | <b>262,094</b> | <b>98,399</b>  | <b>105,628</b> |
|  | -              | -              | -              | -              |

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

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

As at 30 November 2013

| Secured (S\$) | Unsecured (S\$) |
|---------------|-----------------|
| 94,201,000    | 0               |

As at 31 May 2013

| Secured (S\$) | Unsecured (S\$) |
|---------------|-----------------|
| 7,314,000     | 0               |

**Amount repayable after one year**

As at 30 November 2013

| Secured (S\$) | Unsecured (S\$) |
|---------------|-----------------|
| 235,982,000   | 0               |

As at 31 May 2013

| Secured (S\$) | Unsecured (S\$) |
|---------------|-----------------|
| 263,063,000   | 0               |

**Details of any collateral**

As at 30 November 2013, the Group's borrowings of S\$330.2 million ( 31 May 2013 : S\$270.4 million) are secured by the Group's freehold properties and leasehold properties, development properties and investment properties, barges and tug boats, plant, machinery, motor vehicles and investment securities. The bank facilities of the subsidiary companies are also secured by corporate guarantees from the Company.

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

|   | The Group (\$'000)<br>6 months ended<br>30-Nov-13 | The Group (\$'000)<br>6 months ended<br>30-Nov-12 |
|---|---|---|
| <b>Cash flows from operating activities</b>                             |   |   |
| Profit before taxation  | 22,533  | 23,871  |
| <b>Adjustments for:-</b>  |   |   |
| Depreciation of property, plant and equipment                           | 5,598   | 4,602   |
| Depreciation of investment properties                                   | 612   | 52  |
| Dividend income from investment securities                              | (15)  | (2,212)   |
| Gain on sale of property, plant and equipment                           | (389)   | (280)   |
| Write back of impairment loss on unquoted investment securities         | -   | (1,194)   |
| Net fair value (gain)/loss on investment securities                     | -   | (2)   |
| Gain on sale of investment securities                                   | (154)   | (5)   |
| Provision for doubtful debts  | 4   | -   |
| Interest income   | (796)   | (1,019)   |
| Interest expense  | 1,069   | 482   |
| Unrealised exchange differences   | 2   | 10  |
| Asset written off   | 4   | -   |
| Share of results of associates  | 2,599   | (2)   |
|   | 8,534   | 432   |
| <b>Operating cash flows before changes in working capital</b>           | <b>31,067</b>                                     | <b>24,303</b>                                     |
| <b>Changes in working capital :-</b>                                    |   |   |
| Development properties  | (10,652)  | (84,265)  |
| Construction work-in-progress   | 2,583   | (2,217)   |
| Inventories   | (1,981)   | (3,077)   |
| Trade receivables   | 23,682  | 1,231   |
| Other receivables and deposits  | (1,406)   | (4,081)   |
| Prepayments   | 393   | (71)  |
| Property held for sale  | 421   | 236   |
| Trade payables, other payables and accruals                             | 20,835  | 17,637  |
| Balances with related parties   | (16,725)  | (7,173)   |
|   | <b>17,150</b>                                     | <b>(81,780)</b>                                   |
| Cash flows generated from / (used in) operations                        | <b>48,217</b>                                     | <b>(57,477)</b>                                   |
| Interest paid capitalised in development properties                     | (1,667)   | (303)   |
| Income tax paid   | (4,948)   | (6,146)   |
| <b>Net cash flows generated from / (used in) operating activities</b>   | <b>41,602</b>                                     | <b>(63,926)</b>                                   |
| <b>Cash flows from investing activities</b>                             |   |   |
| Interest received   | 621   | 1,407   |
| Dividend income from investment securities                              | 15  | 2,212   |
| Additional investment in investment securities                          | (62,715)  | (502)   |
| Repayment of loan by associates   | 5,641   | 1,229   |
| Purchase of property, plant and equipment                               | (7,260)   | (4,974)   |
| Purchase of investment properties                                       | (9,121)   | (48,623)  |
| Proceeds from disposal of property, plant and equipment                 | 433   | 328   |
| Proceeds from disposal of investment securities                         | 7,772   | 10,505  |
| Investment in associates  | (1,200)   | -   |
| <b>Net cash flows used in investing activities</b>                      | <b>(65,814)</b>                                   | <b>(38,418)</b>                                   |
| <b>Cash flows from financing activities</b>                             |   |   |
| Interest paid   | (1,069)   | (482)   |
| Share capital contribution from a non-controlling shareholder           | 350   | 20  |
| Repayment of hire purchase creditors                                    | (2,365)   | (1,054)   |
| Dividend paid on ordinary shares  | (6,622)   | (10,595)  |
| Dividend paid to a non-controlling shareholder of a subsidiary          | (300)   | -   |
| Repayment of bank loans   | (4,360)   | (2,167)   |
| Proceeds from bank loans and bill payables                              | 63,508  | 95,548  |
| Loan from / (repayment to) minority shareholder of a subsidiary company | 2,206   | (7,563)   |
| <b>Net cash flows generated from financing activities</b>               | <b>51,348</b>                                     | <b>73,707</b>                                     |
| Net increase / (decrease) in cash and cash equivalents                  | <b>27,136</b>                                     | <b>(28,637)</b>                                   |
| Cash and cash equivalents at beginning of the period                    | 170,885   | 186,778   |
| Effect of exchange rate changes on balance held in foreign currencies   | (6)   | -   |
| <b>Cash and cash equivalents at end of the period *</b>                 | <b>198,015</b>                                    | <b>158,141</b>                                    |
| <b>* Breakdown of cash and cash equivalents at the end of period:</b>   | <b>\$'000</b>                                     | <b>\$'000</b>                                     |
| Cash at bank and in hand  | 119,020   | 87,350  |
| Fixed deposits  | 78,995  | 70,791  |
| <b>Total</b>  | <b>198,015</b>                                    | <b>158,141</b>                                    |

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

|   | Group         |                 |                      |                                |                   |                           |              |
|---|---------------|-----------------|----------------------|--------------------------------|-------------------|---------------------------|--------------|
|   | Share capital | Capital reserve | Translation reserves | Fair value adjustment reserves | Retained earnings | Non-controlling interests | Total Equity |
|   | S\$ '000      | S\$ '000        | S\$ '000             | S\$ '000                       | S\$ '000          | S\$ '000                  | S\$ '000     |
| <b>Balance as at 1 June 2012</b>                                      | 82,275        | 351             | (19)                 | 379                            | 148,473           | 788                       | 232,247      |
| Profit for the period   | -             | -               | -                    | -                              | 19,213            | 567                       | 19,780       |
| <u>Other comprehensive income</u>                                     |               |                 |                      |                                |                   |                           |              |
| Net gain on fair value changes of available-for-sale financial assets | -             | -               | -                    | 77                             | -                 | -                         | 77           |
| Foreign currency translation gain                                     | -             | -               | 9                    | -                              | -                 | -                         | 9            |
| Other comprehensive income for the period, net of tax                 | -             | -               | 9                    | 77                             | -                 | -                         | 86           |
| <b>Total comprehensive income for the period</b>                      | -             | -               | 9                    | 77                             | 19,213            | 567                       | 19,866       |
| <u>Contributions by and distributions to owners</u>                   |               |                 |                      |                                |                   |                           |              |
| Capital contributed by non-controlling interest                       | -             | -               | -                    | -                              | -                 | 20                        | 20           |
| Acquisition of non-controlling interest without a change of control   | -             | 123             | -                    | -                              | -                 | (123)                     | -            |
| Dividends on ordinary shares  | -             | -               | -                    | -                              | (10,595)          | -                         | (10,595)     |
| <b>Total transactions with owners in their capacity as owners</b>     | -             | 123             | -                    | -                              | (10,595)          | (103)                     | (10,575)     |
| <b>Balance as at 30 November 2012</b>                                 | 82,275        | 474             | (10)                 | 456                            | 157,091           | 1,252                     | 241,538      |
| <b>Balance as at 1 June 2013</b>                                      | 82,275        | 474             | (11)                 | 592                            | 177,320           | 1,444                     | 262,094      |
| Profit for the period   | -             | -               | -                    | -                              | 16,685            | 2,340                     | 19,025       |
| <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          |
| <b>Total comprehensive (loss)/income for the period</b>               | -             | -               | (4)                  | 156                            | 16,685            | 2,340                     | 19,177       |
| <u>Contributions by and distributions to owners</u>                   |               |                 |                      |                                |                   |                           |              |
| Capital contributed by non-controlling interest                       | -             | -               | -                    | -                              | -                 | 350                       | 350          |
| Dividends on ordinary shares  | -             | -               | -                    | -                              | (6,622)           | (300)                     | (6,922)      |
| <b>Total transactions with owners in their capacity as owners</b>     | -             | -               | -                    | -                              | (6,622)           | 50                        | (6,572)      |
| <b>Balance as at 30 November 2013</b>                                 | 82,275        | 474             | (15)                 | 748                            | 187,383           | 3,834                     | 274,699      |

  

|  | Company       |                   |              |
|--|---------------|-------------------|--------------|
|  | Share Capital | Retained earnings | Total Equity |
|  | S\$ '000      | S\$ '000          | S\$ '000     |
| <b>Balance as at 1 June 2012</b>               | 82,275        | 26,824            | 109,099      |
| Loss for the period                            | -             | (507)             | (507)        |
| <b>Total comprehensive loss for the period</b> | -             | (507)             | (507)        |
| <u>Distribution to owners</u>                  |               |                   |              |
| Dividends on ordinary shares                   | -             | (10,595)          | (10,595)     |
| <b>Balance as at 30 November 2012</b>          | 82,275        | 15,722            | 97,997       |
| <b>Balance as at 1 June 2013</b>               | 82,275        | 23,353            | 105,628      |
| Loss for the period                            | -             | (607)             | (607)        |
| <b>Total comprehensive loss for the period</b> | -             | (607)             | (607)        |
| <u>Distribution to owners</u>                  |               |                   |              |
| Dividends on ordinary shares                   | -             | (6,622)           | (6,622)      |
| <b>Balance as at 30 November 2013</b>          | 82,275        | 16,124            | 98,399       |

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

None

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

Total number of issued shares as at 30 November 2013 is 529,760,000 shares (FY 2013: 529,760,000 shares)

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

Not Applicable

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

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

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

Not Applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 May 2013, except for those disclosed under Paragraph 5.

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

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 June 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS. The adoption of new / revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements.

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

| Earnings per share attributable to equity holders of the Company (cents per share) | 6 months ended |           |
|--|----------------|-----------|
|  | 30-Nov-13      | 30-Nov-12 |
| (a) On a basic basis   | 3.15           | 3.63      |
| (b) On a fully diluted basis   | 3.15           | 3.63      |

Earnings per share is calculated based on 529,760,000 ordinary shares for the half year. (1H13: 529,760,000 shares)

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

| Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents) | Group           |                 | Company         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | As at 30-Nov-13 | As at 31-May-13 | As at 30-Nov-13 | As at 31-May-13 |
|   | 51.13           | 49.20           | 18.57           | 19.94           |

Net asset value per share is calculated based on 529,760,000 ordinary shares in issue at the end of the current period. (FY2013: 529,760,000 shares)



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

**A) Comprehensive Income Statements**

Group revenue for the half year ended 30 November 2013 ("1H14") increased by 39.6% to \$328.1 million from \$234.9 million for the half year ended 30 November 2012 ("1H13"). The increase in revenue was due mainly to higher revenue recognised from the construction segment and the property development segment. The construction segment continued to be the main contributor to the Group revenue. Construction, property development and ready mixed concrete segments accounted for 68%, 12% and 18% of the Group revenue respectively for 1H14. The dormitory business has also contributed approximately 2% of the Group revenue.

In line with the increase in the Group revenue, gross profit for 1H14 increased by 34.9% to \$41.3 million from \$30.6 million in 1H13.

Other operating income decreased to \$2.3 million in 1H14 from \$6.1 million in 1H13 which was due to the decrease in dividend income received and there was no write back of provision for impairment loss of investment securities in 1H14. Distribution expenses increased from \$1.4 million in 1H13 to \$4.9 million in 1H14 which arose from the increase in selling and marketing expense from the sale of Spottiswoode Suites and The Midtown. Other Operating expenses increased to \$3.5 million in 1H14 from \$2.6 million in 1H13 which was mainly due to increase in depreciation charges for plant, equipment and vessels as well as the residential and dormitory properties. Finance costs increased from \$0.5 million to \$1.1 million which was due to interest paid for the phase 1 and 2 dormitories which obtained TOP in March and September 2013 respectively whereas in 1H13, the interest incurred was capitalised in the investment properties.

The share of losses of associates of \$2.6 million was mainly due to the selling and marketing expenses arising from the sale of Newest, KAP Residences and Eco-tech@Sunview. Non-controlling interest ("NCI") increased to \$2.3 million in 1H14 which was mainly due to NCI's share of profit in the dormitory business.

Taking into account the above and taxation, the Group recorded a 3.8% decrease in profit after tax to \$19.0 million for 1H14, compared to \$19.8 million for 1H13.

**B) Financial Position Statements**

Property, plant and equipment increased to \$63.4 million in 1H14 from \$58.8m due to addition of plant, equipment and vessels, partly offset by depreciation charges and disposal of plant and equipment.

Long term investment properties increased to \$145.1 million in 1H14 from \$136.6 million in FY13 was mainly due to progressive payments for the residential properties and development cost incurred for the phase 2 workers' dormitory at Mandai Estate.

Investment securities increased to \$64.8 million in 1H14 from \$9.3 million in FY13 was mainly due to the long term investment in high yield corporate bonds.

Investment in associates in 1H14 of negative \$0.5 million compared to positive \$1.1 million in FY13 was mainly due to the share of losses of associates.

Development properties increased from \$162.4 million to \$174.7 million in 1H14 was mainly due to increase in costs incurred mainly for Lincoln Suites, Spottiswoode Suites, The Midtown and the 65%-owned development project at Mandai Link offset by the increase in progressive income received from Lincoln Suites, The Midtown and Spottiswoode Suites.

In line with the increase in business activities, inventories, amounts due by associates, trade and other payables and progress billings in excess of construction work-in-progress all registered increases. Trade receivables decreased to \$137.5 million in 1H14 from \$161.2 million was mainly due to stronger collections for certain construction projects.

Total borrowings increased from \$270.4 million to \$330.2 million in 1H14 was mainly due to bank borrowing to finance the dormitory at Mandai Estate and the 65%-owned property development project at Mandai Link as well as long term investment in corporate bonds. The increase was also due to the finance of the purchase of tugs and barges.

**C) Cash Flow Statements**

Net cash generated from operating activities of \$41.6 million in 1H14 was mainly due to operating cash flow before changes in working capital of \$31.1 million and net working capital inflow of \$17.2 million after deducting payment of income tax and interest charges totalling \$6.6 million.

Net cash used in investing activities of \$65.8 million in 1H14 was mainly due to long term investment in high yield corporate bonds, purchase of property, plant & equipment and progressive payments for investments in residential properties and cost incurred in workers' dormitory offset by proceeds from disposal of property, plant and equipment, bonds, shares and repayment of loan by associates.

Net cash generated from financing activities of \$51.3 million in 1H14 was mainly attributable to additional bank loans used to finance the dormitory at Mandai Estate, 65%-owned property development at Mandai Link and investment in high yield corporate bonds as well as purchase of tugs and barges offset by repayment of bank loans, hire purchase creditors and dividend paid to shareholders.

Overall, cash and cash equivalents stood at \$198.0 million as at 30 November 2013, representing an improvement of \$39.9 million from \$158.1 million as at 30 November 2012.

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

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

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

On 9 Jan 2014, BCA has revised upward their forecast for the total construction demand for 2014 from between S\$22 billion and S\$30 billion, to between S\$31 billion and S\$38 billion. Hence the construction demand for 2014 is expected to be strong. In the light of the above, the Group is cautiously optimistic of the outlook of the construction industry for the next 12 months.

The Group will continue to focus on its core business of construction and is actively tendering for new projects in the public and private sectors to generate sustainable revenue and profitability. As at 30 Nov 2013, the Group has an order book of \$1.0 billion which will provide it with a sustainable flow of activities.

The Group has successfully launched and fully sold out its 55%-owned industrial development project, known as M Space at Mandai Estate. In accordance with INT FRS 115, the revenue and profit of this industrial development will only be recognised upon TOP which is expected to be due in 3Q14.

**11 Dividend**

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

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

None

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

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

None.

**(c) Date payable**

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

**(d) Books closure date**

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

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

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

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

Not applicable as no IPT mandate has been obtained.

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

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

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

Not applicable

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

Not applicable

- 16 A breakdown of sales**

Not applicable

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

Not applicable

**BY ORDER OF THE BOARD**

Ong Pang Aik  
Chairman and Managing Director  
13 January 2014

**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 2013**

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 2013 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

13 January 2014