



LIAN BENG GROUP LTD
Registration No. 199802527Z

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019

These figures have not been audited.

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

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.

	Group		
	First quarter ended		
	31 Aug 19	31 Aug 18	Increase / (decrease)
	S\$'000	S\$'000	%
Revenue	146,766	84,094	74.5
Cost of sales	(124,661)	(58,262)	114.0
Gross profit	22,105	25,832	(14.4)
Other operating income	3,571	2,225	60.5
Distribution expenses	(415)	(2,081)	(80.1)
Administrative expenses	(6,276)	(6,585)	(4.7)
Other operating expenses	(3,307)	(2,788)	18.6
Finance costs	(5,070)	(4,409)	15.0
Share of results of associates	1,384	(3,117)	NM
Share of results of joint ventures	(330)	1,384	NM
Profit before taxation	11,662	10,461	11.5
Taxation	(2,568)	(2,370)	8.4
Profit for the period, net of taxation	9,094	8,091	12.4
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Net loss on equity instruments at fair value through other comprehensive income	(1,126)	(1,913)	(41.1)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain/(loss) on debt instruments at fair value through other comprehensive income	624	(616)	NM
Foreign currency translation loss	(351)	(986)	(64.4)
Other comprehensive income for the period, net of taxation	(853)	(3,515)	(75.7)
Total comprehensive income for the period	8,241	4,576	80.1
Profit attributable to:			
Owners of the Company	7,385	6,086	21.3
Non-controlling interests	1,709	2,005	(14.8)
	9,094	8,091	12.4
Total comprehensive income attributable to:			
Owners of the Company	6,611	2,703	144.6
Non-controlling interests	1,630	1,873	(13.0)
	8,241	4,576	80.1

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.

	Group		
	First quarter ended		
	31 Aug 19	31 Aug 18	Increase / (decrease)
	S\$'000	S\$'000	%
Amortisation of other assets	-	(46)	NM
Amortisation of capitalised contract and fulfilment costs	(296)	(1,589)	(81.4)
Amortisation of right-of-use assets	(693)	-	NM
Depreciation of property, plant and equipment	(3,524)	(4,089)	(13.8)
Loss on foreign exchange, net	(1,585)	(621)	155.2
Dividend income from investment securities	347	308	12.7
Interest income	3,190	2,406	32.6
Gain on disposal of property, plant and equipment	245	497	(50.7)
Loss on disposal of investment securities	-	(55)	NM
Fair value gain on derivative instrument	-	90	NM
Fair value gain/(loss) on investment securities	26	(321)	NM
Bad debts written off	(12)	(2)	500.0

NM - not meaningful

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.

	Group		Company	
	31 Aug 19	31 May 19	31 Aug 19	31 May 19
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	160,529	158,015	-	-
Investment properties	533,039	533,047	-	-
Investment in subsidiaries	-	-	168,672	168,612
Investment in joint ventures	18,767	19,097	5,720	5,720
Investment in associates	41,908	41,075	-	-
Investment securities	138,898	127,573	15,452	15,812
Amounts due from subsidiaries	-	-	33,783	33,783
Amounts due from associates	41,466	41,466	-	-
Right-of-use assets	8,960	-	-	-
Deferred tax assets	28	66	-	-
	943,595	920,339	223,627	223,927
<u>Current assets</u>				
Contract assets	96,468	101,714	-	-
Capitalised contract costs	1,740	1,462	-	-
Development properties	101,592	104,509	-	-
Inventories	17,428	2,895	-	-
Trade receivables	51,215	43,738	-	-
Other receivables and deposits	17,240	16,161	122	139
Prepayments	5,778	5,582	114	46
Tax recoverable	356	486	-	-
Amounts due from affiliated companies	-	12	-	-
Amounts due from subsidiaries	-	-	181,084	179,076
Amounts due from joint ventures	78,774	78,514	62,948	63,086
Amounts due from associates	172,565	167,774	-	-
Investment securities	13,961	15,703	-	-
Cash and cash equivalents	191,676	179,924	22,825	40,510
	748,793	718,474	267,093	282,857
<u>Current liabilities</u>				
Contract liabilities	37,360	29,056	-	-
Trade and other payables	187,416	164,219	31	33
Accruals	21,175	23,246	143	131
Lease liabilities	2,624	-	-	-
Amounts due to associates	827	1,126	76	76
Amounts due to joint ventures	2,152	2,152	-	-
Amounts due to subsidiaries	-	-	251,242	268,146
Bank loans and bills payable	327,125	309,966	-	-
Obligations under hire purchase	1,406	1,984	-	-
Provision for taxation	12,959	8,111	276	223
	593,044	539,860	251,768	268,609
<u>Net current assets</u>	155,749	178,614	15,325	14,248
<u>Non-current liabilities</u>				
Refundable rental deposits	3,245	3,067	-	-
Amounts due to subsidiaries	-	-	1,681	1,681
Bank loans	263,635	268,450	-	-
Obligations under hire purchase	2,811	3,139	-	-
Lease liabilities	6,371	-	-	-
Deferred tax liabilities	1,710	4,165	-	-
	277,772	278,821	1,681	1,681
<u>Net assets</u>	821,572	820,132	237,271	236,494
<u>Equity attributable to owners of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Treasury shares	(17,777)	(17,777)	(17,777)	(17,777)
Retained earnings	635,352	627,967	179,042	177,905
Other reserves	831	1,595	(6,269)	(5,909)
	700,681	694,060	237,271	236,494
<u>Non-controlling interests</u>	120,891	126,072	-	-
Total equity	821,572	820,132	237,271	236,494

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

Amount repayable in one year or less, or on demand

As at 31 Aug 2019

Secured S\$'000	Unsecured S\$'000
328,531	-

As at 31 May 2019

Secured S\$'000	Unsecured S\$'000
311,950	-

Amount repayable after one year

As at 31 Aug 2019

Secured S\$'000	Unsecured S\$'000
266,446	-

As at 31 May 2019

Secured S\$'000	Unsecured S\$'000
271,589	-

Details of any collaterals

As at 31 Aug 2019, the Group's borrowings of S\$595.0 million (31 May 2019: S\$583.5 million) are generally secured by corporate guarantee provided by the Company and the assignment of rights, titles and benefits with respect to property, plant and equipment, investment properties, development properties and investment securities.

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.

	Group	
	First quarter ended	
	31 Aug 19	31 Aug 18
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	11,662	10,461
<u>Adjustments for:</u>		
Amortisation of capitalised contract and fulfilment costs	296	1,589
Amortisation of right-of-use assets	693	-
Depreciation of property, plant and equipment	3,524	4,089
Fair value gain on derivative instrument	-	(90)
Dividend income from investment securities	(347)	(308)
Gain on disposal of property, plant and equipment	(245)	(497)
Fair value (gain)/loss on investment securities	(26)	321
Loss on disposal of investment securities	-	55
Amortisation of other assets	-	46
Interest income	(3,190)	(2,406)
Interest expense	5,070	4,409
Unrealised exchange differences	532	(643)
Property, plant and equipment written off	-	4
Bad debts written off	12	2
Goodwill written off	-	9
Share of results of associates and joint ventures	(1,054)	1,733
Operating cash flows before changes in working capital	16,927	18,774
<u>Changes in working capital:</u>		
Development properties	2,991	28,736
Capitalised contract costs	(574)	(2,389)
Contract assets	5,246	59,109
Contract liabilities	8,333	732
Inventories	(14,533)	(2,407)
Trade receivables	(7,489)	2,509
Other receivables and deposits	(688)	(3,143)
Prepayments	(196)	(520)
Trade payables, other payables and accruals	21,148	(5,528)
Balances with joint ventures and associates	719	1,045
Total changes in working capital	14,957	78,144
Cash flows from operations	31,884	96,918
Interest paid and capitalised in development properties	(74)	(177)
Income tax paid	(6)	(27)
Net cash flows from operating activities	31,804	96,714
Cash flows from investing activities		
Interest received	1,610	2,005
Dividend income from investment securities	347	308
Dividend income from associates	300	-
Dividend income from joint ventures	-	2,000
Additions to investment securities	(12,021)	-
Purchase of property, plant and equipment	(5,619)	(1,006)
Proceeds from disposal of investment securities	2,000	4,508
Proceeds from disposal of property, plant and equipment	253	544
Loans to associates	(4,675)	(452)
Loans to joint ventures	(25)	(14,733)
Additional investment in SLB Development Ltd ("SLB")	(60)	(858)
Acquisition of a subsidiary	-	(27)
Net cash flows used in investing activities	(17,890)	(7,711)

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

	Group	
	First quarter ended	
	31 Aug 19	31 Aug 18
	S\$'000	S\$'000
Cash flows from financing activities		
Interest paid	(5,070)	(4,409)
Proceeds from bank loans and bills payable	23,208	500
Repayment of bank loans and bills payable	(11,162)	(95,960)
Repayment of hire purchase creditors	(1,334)	(802)
Dividend paid to non-controlling interest of subsidiaries	(6,741)	(3,221)
Loans from joint ventures	-	1,150
Repayment of loans to associates	(299)	-
Loans from/(repayment of loans to) non-controlling interests of a subsidiary	155	(5,479)
Repayment of liability of leased assets	(659)	-
Capital contribution from non-controlling interest of a subsidiary	-	280
Net cash flows used in financing activities	(1,902)	(107,941)
Net increase/(decrease) in cash and cash equivalents	12,012	(18,938)
Cash and cash equivalents at beginning of the period	179,924	209,214
Effect of exchange rate changes on cash and cash equivalents	(260)	(193)
Cash and cash equivalents at end of the period	191,676	190,083
Breakdown of cash and cash equivalents at end of the period		
Fixed deposits	57,607	45,156
Cash on hand and at banks	134,069	144,927
Total	191,676	190,083

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 – 1QFY2020

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Treasury shares	Retained earnings	Other reserves*		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Jun 19	82,275	(17,777)	627,967	1,595	126,072	820,132
Profit for the period, net of taxation	-	-	7,385	-	1,709	9,094
<u>Other comprehensive income</u>						
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	(1,098)	(28)	(1,126)
Net gain on debt instruments at fair value through other comprehensive income	-	-	-	624	-	624
Foreign currency translation loss	-	-	-	(300)	(51)	(351)
Other comprehensive income for the period, net of taxation	-	-	-	(774)	(79)	(853)
Total comprehensive income for the period	-	-	7,385	(774)	1,630	8,241
<u>Changes in ownership interests of subsidiaries</u>						
Acquisition of additional interest in SLB	-	-	-	10	(70)	(60)
<u>Contribution by and distribution to owners</u>						
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	(6,741)	(6,741)
Balance at 31 Aug 19	82,275	(17,777)	635,352	831	120,891	821,572

* Other reserves include capital reserve, foreign currency translation reserve and fair value adjustment reserve.

STATEMENT OF CHANGES IN EQUITY (CONT'D)

GROUP – 1QFY2019

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Treasury shares	Retained earnings	Other reserves*		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Jun 18	82,275	(17,777)	606,347	3,827	131,829	806,501
Profit for the period, net of taxation	-	-	6,086	-	2,005	8,091
<u>Other comprehensive income</u>						
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	(1,913)	-	(1,913)
Net loss on debt instruments at fair value through other comprehensive income	-	-	-	(616)	-	(616)
Foreign currency translation loss	-	-	-	(854)	(132)	(986)
Other comprehensive income for the period, net of taxation	-	-	-	(3,383)	(132)	(3,515)
Total comprehensive income for the period	-	-	6,086	(3,383)	1,873	4,576
<u>Changes in ownership interests of subsidiaries</u>						
Acquisition of additional interest in SLB	-	-	-	(138)	(720)	(858)
Acquisition of interest in a subsidiary	-	-	-	-	114	114
Total changes in ownership interests of subsidiaries	-	-	-	(138)	(606)	(744)
<u>Contribution by and distribution to owners</u>						
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(3,221)	(3,221)
Capital contribution by non-controlling interest of a subsidiary	-	-	-	-	280	280
Total transactions with owners in their capacity as owners	-	-	-	-	(2,941)	(2,941)
Balance at 31 Aug 18	82,275	(17,777)	612,433	306	130,155	807,392

* Other reserves include capital reserve, foreign currency translation reserve and fair value adjustment reserve.

STATEMENT OF CHANGES IN EQUITY (CONT'D)

COMPANY – 1QFY2020

	Share capital	Treasury shares	Retained earnings	Fair value adjustment reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Jun 19	82,275	(17,777)	177,905	(5,909)	236,494
Profit for the period, net of taxation	-	-	1,137	-	1,137
<u>Other comprehensive income</u>					
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	(360)	(360)
Other comprehensive income for the period, net of taxation	-	-	-	(360)	(360)
Total comprehensive income for the period	-	-	1,137	(360)	777
Balance at 31 Aug 19	82,275	(17,777)	179,042	(6,269)	237,271

COMPANY – 1QFY2019

	Share capital	Treasury shares	Retained earnings	Fair value adjustment reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Jun 18	82,275	(17,777)	170,812	(3,637)	231,673
Profit for the period, net of taxation	-	-	2,930	-	2,930
<u>Other comprehensive income</u>					
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	(1,636)	(1,636)
Other comprehensive income for the period, net of taxation	-	-	-	(1,636)	(1,636)
Total comprehensive income for the period	-	-	2,930	(1,636)	1,294
Balance at 31 Aug 18	82,275	(17,777)	173,742	(5,273)	232,967

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Number of shares (excluding treasury shares)	Share capital S\$'000
At 1 June 2019 and 31 August 2019	<u>499,689,200</u>	<u>82,275</u>

Outstanding convertibles

The Company did not have any share convertibles as at 31 August 2019 and 31 August 2018.

Treasury shares and subsidiary holdings

As at 31 August 2019, the Company had 30,070,800 (31 August 2018: 30,070,800) treasury shares.

As at 31 August 2019, the Company had Nil subsidiary holdings (31 August 2018: Nil).

- 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.

	31 Aug 19	31 May 19
Total number of issued shares excluding treasury shares	499,689,200	499,689,200

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

Treasury shares

	2019	2018
Number of treasury shares at 1 June and 31 August	30,070,800	30,070,800

- 1(d)(v) A statement showing all sales, transfers, disposals, cancellations and/or use of subsidiary holdings as at the end of the current financial period reported on.

Nil

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

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

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 May 2019.

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 has adopted SFRS(I) 16 with effect from 1 June 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 31 May 2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group has recognised right-of-use assets of S\$9.7 million and lease liabilities of S\$9.7 million on 1 June 2019.

- 6 Earnings per ordinary share of the group for the current financial 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)	First quarter ended	
	31 Aug 19	31 Aug 18
(a) On a basic basis	1.48	1.22
(b) On a fully diluted basis	1.48	1.22

- 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 financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31 Aug 19	31 May 19	31 Aug 19	31 May 19
Net asset value per ordinary shares (cents)	140.22	138.90	47.48	47.33

- 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 (a) 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; and (b) 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

1Q2020 vs 1Q2019

Revenue

The Group recorded revenue of S\$146.8 million for the three months ended 31 Aug 2019 ("1Q2020"), an increase of 74.5% from S\$84.1 million for the three months ended 31 Aug 2018 ("1Q2019"). This was mainly due to higher revenue generated from the Construction Segment, which was partially offset by a decrease in revenue generated from the Property Development Segment.

The higher contribution from the Construction Segment was due to the progressive revenue recognition of construction projects. On the other hand, the lower contribution from the Property Development Segment was mainly due to an absence of revenue from industrial project, T-Space @ Tampines in 1Q2020 as the project was substantially completed by 1Q2019. The development project that contributed revenue to the Property Development Segment in 1Q2020 was Mactaggart Foodlink.

Cost of sales

In line with the increase in construction activity and the commencement of new projects, cost of sales rose 114.0% to S\$124.7 million in 1Q2020, from S\$58.3 million in 1Q2019.

Gross profit

In light of the above, gross profit decreased by 14.4% to S\$22.1 million in 1Q2020 from S\$25.8 million in 1Q2019.

Operating income and expenses

Other operating income increased to S\$3.6 million in 1Q2020, from S\$2.2 million in 1Q2019, mainly due to interest income of S\$0.7 million from loans to associates.

Marketing expenses fell significantly with the substantial completion of T-Space @ Tampines by 1Q2019. This led to an 80.1% decline in distribution expenses to S\$0.4 million in 1Q2020, from S\$2.1 million in 1Q2019.

Other operating expenses increased to S\$3.3 million in 1Q2020, from S\$2.8 million in 1Q2019, mainly due to the foreign exchange losses recognised from the strengthening of the Singapore Dollar against the British Pound in 1Q2020.

Finance costs increased to S\$5.1 million in 1Q2020, from S\$4.4 million in 1Q2019, as a result of (i) higher bank loans from Property Development Segment; (ii) higher interest rate on bank loans in 1Q2020 as compared to 1Q2019; and (iii) interest payable to non-controlling interest of a subsidiary in 1Q2020.

In 1Q2020, share of profit of associates was S\$1.4 million, as compared to share of loss of associates of S\$3.1 million in 1Q2019. The share of loss of associates in 1Q2019 was mainly due to marketing, show-flat construction and borrowing costs relating to development projects, Affinity @ Serangoon and Riverfront Residences, which were incurred prior to revenue recognition. With progress made in the construction of both projects in 1Q2020, development profits from the sale of these projects was recognised accordingly. Along with this, the Group also recorded a net improvement in contribution from other associates.

Share of loss of joint ventures was S\$0.3 million, as compared to share of profit of joint ventures of S\$1.4 million in 1Q2019, due to loss recorded by joint ventures.

B) Financial Position Statements

Current and non-current assets

Investment securities increased from S\$143.3 million in May 2019 to S\$152.9 million in Aug 2019, mainly due to purchase of investment securities of S\$12.0 million, offset by redemption and disposal of investment securities of S\$2.0 million and fair value loss of S\$0.4 million.

Inventories increased from S\$2.9 million in May 2019 to S\$17.4 million in August 2019, as a result of the increase in inventories for construction projects.

Trade receivables increased from S\$43.7 million in May 2019 to S\$51.2 million in Aug 2019, because of the increases in trade receivables of Construction Segment of S\$10.9 million due to the progressive billings; offset by decrease in trade receivables of Property Development Segment of S\$3.4 million mainly due to the decrease in GST receivables.

Current and non-current liabilities

Contract liabilities increased from S\$29.1 million in May 2019 to S\$37.4 million in Aug 2019, mainly due to an increase in contract liabilities from construction project Affinity @ Serangoon.

Trade and other payables increased from S\$164.2 million in May 2019 to S\$187.4 million in Aug 2019, mainly due to the increase in construction activities.

Total bank loans and bills payable increased S\$12.3 million, from S\$578.4 million in May 2019 to S\$590.8 million in Aug 2019, mainly due to increase in bills payable for purchase of inventories.

Obligations under hire purchase decreased from S\$5.1 million in May 2019 to S\$4.2 million in Aug 2019, due to repayment of hire purchase creditors during 1Q2020.

Provision for taxation increased to S\$13.0 million in Aug 2019 from S\$8.1 million in May 2019, mainly due to (i) reclassification of deferred tax liabilities to provision for taxation, relating to development profits recognised from T-Space @ Tampines upon progressive billings in 1Q2020, and (ii) tax provision made in 1Q2020 by the Group.

Deferred tax liabilities decreased from S\$4.2 million in May 2019 to S\$1.7 million in Aug 2019, mainly due to reclassification of deferred tax liabilities to provision for taxation, for development profits recognised from T-Space @ Tampines upon progressive billings in 1Q2020.

C) Cash Flow Statements

In 1Q2020, cash and cash equivalents increased by S\$12.0 million to S\$191.7 million in Aug 2019, mainly due to net cash from operating activities of S\$31.8 million, offset by the net cash used in investing activities of S\$17.9 million and financing activities of S\$1.9 million respectively.

Net cash from operating activities of S\$31.8 million in 1Q2020 was mainly due to operating cash flow before changes in working capital of S\$16.9 million and net working capital inflow of S\$14.9 million.

Net cash used in investing activities of S\$17.9 million in 1Q2020 was mainly due to purchase of investment securities of S\$12.0 million, purchase of property, plant and equipment S\$5.6 million, loans to associates of S\$4.7 million, offset by net proceeds from redemption and disposal of investment securities S\$2.0 million, interest received of S\$1.6 million and dividend income from investment securities S\$0.3 million and associates S\$0.3 million.

Net cash used in financing activities of S\$1.9 million in 1Q2020 was mainly attributable to dividend paid to non-controlling interest of subsidiaries S\$6.7 million, repayment of hire purchase obligations S\$1.3 million and payment for interest S\$5.1 million, offset by net draw down of bank loans and bills payable S\$12.0 million.

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

No forecast or prospect statement has previously been disclosed.

10. A commentary at the date of the announcement of the significant trends and 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.

According to the news release published by Ministry of Trade and Industry on 13 August 2019, in the second calendar quarter of 2019 (“**2Q2019**”), Singapore economy grew by 0.1% year-on-year, slower than the 1.1% growth in the previous quarter. Bucking the trend, the construction sector grew by 2.9%, extending the 2.8% expansion in the previous quarter. This was on the back of higher demand for construction services from the public sector.

The Group is cautiously optimistic of the outlook of the construction market for the next 12 months. The Group will continue to leverage its strong track record and proven expertise to tender actively for public and private sector projects. In July 2019, its 60%-owned subsidiary, United Tec Construction Pte. Ltd, secured a contract worth S\$234.7 million for the construction of NTUC Fairprice Co-operative Ltd’s fresh food distribution centre. In September 2019, United Tec bagged a contract worth S\$107.5 million for the construction of a residential development at Kampong Java Road. These contracts brought Lian Beng’s order book to date to \$1.4 billion, which should support the Group’s activities through FY2023.

Through its property development subsidiary, SLB Development Ltd (“**SLB**”), the Group will monitor the property market closely and exercise caution when seeking opportunities to replenish its land bank. It will also continue to explore business opportunities in the region through acquisition, joint venture and/or strategic alliances that will complement the property development business. In addition, the Group will prudently seek opportunities to build up the new fund management business, as part of its effort to ensure long-term sustainable growth, having received approval from SLB’s shareholders to diversify its business into fund management at an extraordinary general meeting held on 26 September 2019.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended during the financial period ended 31 August 2019 as the Group intends to conserve the Group's cash position for working capital and investments.

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.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured the undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director

14 October 2019

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

For the announcement of unaudited financial statements for the first quarter ended 31 August 2019

We, Ong Pang Aik and Ong Lay Koon, being Directors of Lian Beng Group Ltd (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited first quarter financial results for the period ended 31 August 2019 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

14 October 2019