



LIAN BENG GROUP LTD
Registration No. 199802527Z

**UNAUDITED SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 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					
	Second quarter ended			Half year ended		
	30 Nov 19	30 Nov 18	Increase / (decrease)	30 Nov 19	30 Nov 18	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	164,677	81,197	102.8	311,443	165,291	88.4
Cost of sales	(139,893)	(64,015)	118.5	(264,554)	(122,277)	116.4
Gross profit	24,784	17,182	44.2	46,889	43,014	9.0
Other operating income	4,665	2,837	64.4	8,236	5,062	62.7
Distribution expenses	(716)	(493)	45.2	(1,131)	(2,574)	(56.1)
Administrative expenses	(7,516)	(6,801)	10.5	(13,792)	(13,386)	3.0
Other operating expenses	(234)	(2,041)	(88.5)	(3,541)	(4,829)	(26.7)
Finance costs	(4,810)	(4,160)	15.6	(9,880)	(8,569)	15.3
Share of results of associates	1,129	1,691	(33.2)	2,513	(1,426)	NM
Share of results of joint ventures	(1,473)	1,936	NM	(1,803)	3,320	NM
Profit before taxation	15,829	10,151	55.9	27,491	20,612	33.4
Taxation	(2,381)	(1,731)	37.6	(4,949)	(4,101)	20.7
Profit for the period, net of taxation	13,448	8,420	59.7	22,542	16,511	36.5
Other comprehensive income:						
<i>Items that will not be reclassified to profit or loss:</i>						
Net gain/(loss) on equity instruments at fair value through other comprehensive income	780	(2,094)	NM	(346)	(4,007)	(91.4)
<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	159	(1,372)	NM	783	(1,988)	NM
Foreign currency translation gain/(loss)	2	71	(97.2)	(349)	(915)	(61.9)
Other comprehensive income for the period, net of taxation	941	(3,395)	NM	88	(6,910)	NM
Total comprehensive income for the period	14,389	5,025	186.3	22,630	9,601	135.7
Profit attributable to:						
Owners of the Company	11,187	7,402	51.1	18,572	13,488	37.7
Non-controlling interests	2,261	1,018	122.1	3,970	3,023	31.3
	13,448	8,420	59.7	22,542	16,511	36.5
Total comprehensive income attributable to:						
Owners of the Company	12,153	4,040	200.8	18,764	6,743	178.3
Non-controlling interests	2,236	985	127.0	3,866	2,858	35.3
	14,389	5,025	186.3	22,630	9,601	135.7

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					
	Second quarter ended			Half year ended		
	30 Nov 19	30 Nov 18	Increase / (decrease)	30 Nov 19	30 Nov 18	Increase / (decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Amortisation of capitalised contract and fulfilment costs	(527)	(374)	40.9	(823)	(1,963)	(58.1)
Amortisation of right-of-use assets	(691)	–	NM	(1,384)	–	NM
Amortisation of other assets	–	(30)	NM	–	(76)	NM
Bad debts written off	–	(3)	NM	(12)	(5)	140.0
Depreciation of property, plant and equipment	(3,565)	(3,994)	(10.7)	(7,089)	(8,083)	(12.3)
Gain/(loss) on foreign exchange, net	1,501	(77)	NM	(84)	(698)	(88.0)
Dividend income from investment securities	740	699	5.9	1,087	1,007	7.9
Interest income	3,466	2,916	18.9	6,656	5,322	25.1
Gain on disposal of property, plant and equipment	532	343	55.1	777	840	(7.5)
Gain on disposal of a subsidiary	640	–	NM	640	–	NM
Loss on disposal of investment securities	(92)	(166)	(44.6)	(92)	(221)	(58.4)
Fair value gain on derivative instrument	–	–	–	–	91	NM
Fair value gain/(loss) on investment securities	120	(54)	NM	146	(375)	NM
Over/(under) provision of tax in prior years	5	(65)	NM	5	(65)	NM

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	
	30 Nov 19	31 May 19	30 Nov 19	31 May 19
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	165,233	158,015	–	–
Investment properties	560,854	533,047	–	–
Investment in subsidiaries	–	–	174,022	168,612
Investment in joint ventures	15,844	19,097	5,720	5,720
Investment in associates	43,118	41,075	–	–
Investment securities	144,316	127,573	16,258	15,812
Amounts due from subsidiaries	–	–	33,783	33,783
Amounts due from associates	39,319	41,466	–	–
Right-of-use assets	8,290	–	–	–
Deferred tax assets	28	66	–	–
	977,002	920,339	229,783	223,927
<u>Current assets</u>				
Contract assets	100,227	101,714	–	–
Capitalised contract costs	2,001	1,462	–	–
Development properties	84,003	104,509	–	–
Inventories	14,989	2,895	–	–
Trade receivables	39,724	43,738	–	–
Other receivables and deposits	15,252	16,161	123	139
Prepayments	8,070	5,582	71	46
Tax recoverable	573	486	–	–
Amounts due from affiliated companies	–	12	–	–
Amounts due from subsidiaries	–	–	174,807	179,076
Amounts due from joint ventures	80,039	78,514	62,950	63,086
Amounts due from associates	177,131	167,774	–	–
Investment securities	11,441	15,703	–	–
Cash and cash equivalents	172,422	179,924	8,333	40,510
	705,872	718,474	246,284	282,857
<u>Current liabilities</u>				
Contract liabilities	33,253	29,056	–	–
Trade and other payables	172,665	164,219	70	33
Accruals	24,657	23,246	132	131
Lease liabilities	2,555	–	–	–
Amounts due to associates	823	1,126	76	76
Amounts due to joint ventures	710	2,152	–	–
Amounts due to subsidiaries	–	–	240,129	268,146
Bank loans and bills payable	236,367	309,966	–	–
Obligations under hire purchase	1,626	1,984	–	–
Provision for taxation	10,665	8,111	190	223
	483,321	539,860	240,597	268,609
<u>Net current assets</u>	222,551	178,614	5,687	14,248
<u>Non-current liabilities</u>				
Refundable rental deposits	3,642	3,067	–	–
Amounts due to subsidiaries	–	–	–	1,681
Bank loans	356,011	268,450	–	–
Obligations under hire purchase	4,831	3,139	–	–
Lease liabilities	5,797	–	–	–
Deferred tax liabilities	2,389	4,165	–	–
	372,670	278,821	–	1,681
<u>Net assets</u>	826,883	820,132	235,470	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	640,293	627,967	176,435	177,905
Other reserves	1,797	1,595	(5,463)	(5,909)
	706,588	694,060	235,470	236,494
<u>Non-controlling interests</u>	120,295	126,072	–	–
Total equity	826,883	820,132	235,470	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 30 Nov 2019

Secured S\$'000	Unsecured S\$'000
237,993	–

As at 31 May 2019

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

Amount repayable after one year

As at 30 Nov 2019

Secured S\$'000	Unsecured S\$'000
360,842	–

As at 31 May 2019

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

Details of any collaterals

As at 30 Nov 2019, the Group's borrowings of S\$598.8 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			
	Second quarter ended		Half year ended	
	30 Nov 19	30 Nov 18	30 Nov 19	30 Nov 18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before taxation	15,829	10,151	27,491	20,612
<u>Adjustments for:</u>				
Amortisation of capitalised contract and fulfilment costs	527	374	823	1,963
Amortisation of right-of-use assets	691	–	1,384	–
Amortisation of other assets	–	30	–	76
Depreciation of property, plant and equipment	3,565	3,994	7,089	8,083
Fair value gain on derivative instrument	–	–	–	(91)
Fair value (gain)/loss on investment securities	(120)	54	(146)	375
Dividend income from investment securities	(740)	(699)	(1,087)	(1,007)
Gain on disposal of property, plant and equipment	(532)	(343)	(777)	(840)
Gain on disposal of a subsidiary	(640)	–	(640)	–
Loss on disposal of investment securities	92	166	92	221
Interest income	(3,466)	(2,916)	(6,656)	(5,322)
Interest expense	4,810	4,160	9,880	8,569
Unrealised exchange differences	(845)	579	(313)	(63)
Property, plant and equipment written off	–	5	–	9
Bad debts written off	–	3	12	5
Goodwill written off	–	–	–	9
Share of results of associates and joint ventures	344	(3,627)	(710)	(1,894)
Operating cash flows before changes in working capital	19,515	11,931	36,442	30,705
<u>Changes in working capital:</u>				
Development properties	4,763	(77,230)	7,754	(48,494)
Capitalised contract costs	(787)	(380)	(1,361)	(2,769)
Contract assets	(3,759)	(7,298)	1,487	51,811
Contract liabilities	(4,084)	4,717	4,249	5,449
Inventories	2,439	(3,361)	(12,094)	(5,768)
Trade receivables	11,491	5,947	4,002	8,456
Other receivables and deposits	1,771	17,818	1,083	14,675
Prepayments	(2,292)	(550)	(2,488)	(1,070)
Trade payables, other payables and accruals	(9,141)	(19,165)	12,007	(24,693)
Balances with joint ventures and associates	(852)	612	(133)	1,657
Total changes in working capital	(451)	(78,890)	14,506	(746)
Cash flows from operations	19,064	(66,959)	50,948	29,959
Interest paid and capitalised in development properties	(38)	(34)	(112)	(211)
Income tax paid	(4,216)	(14,460)	(4,222)	(14,487)
Net cash flows from operating activities	14,810	(81,453)	46,614	15,261
Cash flows from investing activities				
Interest received	2,293	2,831	3,903	4,836
Dividend income from investment securities	740	699	1,087	1,007
Dividend income from associates	354	19,000	654	19,000
Dividend income from joint ventures	1,450	4,500	1,450	6,500
Additions to investment securities	(12,354)	(17,645)	(24,375)	(17,645)
Purchase of property, plant and equipment	(6,554)	(1,963)	(12,173)	(2,969)
Purchase of investment property	(27,805)	–	(27,805)	–

	Group			
	Second quarter ended		Half year ended	
	30 Nov 19	30 Nov 18	30 Nov 19	30 Nov 18
	S\$'000	S\$'000	S\$'000	S\$'000
Additional investments in investment properties	–	(85)	–	(85)
Proceeds from disposal of investment securities	10,264	18,321	12,264	22,829
Proceeds from disposal of property, plant and equipment	533	773	786	1,317
Proceeds from disposal of a subsidiary	13,500	–	13,500	–
(Loans to)/repayment of loans by associates	(1,340)	4,846	(6,015)	4,394
(Loans to)/repayment of loans by joint ventures	(10)	1,825	(35)	(12,908)
Additional investment in SLB Development Ltd (“SLB”)	–	(478)	(60)	(1,336)
Acquisition of a subsidiary	–	–	–	(27)
Additional investment in an associate	(387)	–	(387)	–
Proceeds from liquidation of an associate	–	636	–	636
Net cash flows used in investing activities	(19,316)	33,260	(37,206)	25,549
Cash flows from financing activities				
Interest paid	(4,810)	(4,160)	(9,880)	(8,569)
Proceeds from bank loans and bills payable	108,479	65,643	131,687	66,143
Repayment of bank loans and bills payable	(106,183)	(25,248)	(117,345)	(121,208)
(Loans from)/repayment of hire purchase creditors	527	(401)	(807)	(1,203)
Dividends paid on ordinary shares	(6,246)	(6,246)	(6,246)	(6,246)
Dividends paid to non-controlling interests of subsidiaries	(2,832)	(862)	(9,573)	(4,083)
Loans from non-controlling interests of a subsidiary	154	8,051	309	9,922
Repayment of loans to associates	(4)	(7,960)	(303)	(7,960)
Repayment of loans to joint ventures	(1,450)	(4,500)	(1,450)	(3,350)
Repayment of loans due to non-controlling interests of a subsidiary	(1,600)	(1,960)	(1,600)	(9,310)
Repayment of liability of leased assets	(662)	–	(1,321)	–
Capital contribution from non-controlling interest of a subsidiary	–	–	–	280
Net cash flows used in financing activities	(14,627)	22,357	(16,529)	(85,584)
Net decrease in cash and cash equivalents	(19,133)	(25,836)	(7,121)	(44,774)
Cash and cash equivalents at beginning of the period	191,676	190,083	179,924	209,214
Effect of exchange rate changes on cash and cash equivalents	(121)	(253)	(381)	(446)
Cash and cash equivalents at end of the period	172,422	163,994	172,422	163,994
Breakdown of cash and cash equivalents at end of the period				
Fixed deposits	42,537	50,803	42,537	50,803
Cash on hand and at banks	129,885	113,191	129,885	113,191
Total	172,422	163,994	172,422	163,994

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 – 2Q & 1H2020

	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
Profit for the period, net of taxation	–	–	11,187	–	2,261	13,448
<u>Other comprehensive income</u>						
Net gain on equity instruments at fair value through other comprehensive income	–	–	–	780	–	780
Net gain on debt instruments at fair value through other comprehensive income	–	–	–	159	–	159
Foreign currency translation gain	–	–	–	27	(25)	2
Other comprehensive income for the period, net of taxation	–	–	–	966	(25)	941
Total comprehensive income for the period	–	–	11,187	966	2,236	14,389
<u>Contribution by and distribution to owners</u>						
Dividends on ordinary shares	–	–	(6,246)	–	–	(6,246)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	(2,832)	(2,832)
	–	–	(6,246)	–	(2,832)	(9,078)
Balance at 30 Nov 19	82,275	(17,777)	640,293	1,797	120,295	826,883

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

STATEMENT OF CHANGES IN EQUITY (CONT'D)

GROUP – 2Q & 1H2019

	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		
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
Profit for the period, net of taxation	-	-	7,402	-	1,018	8,420
<u>Other comprehensive income</u>						
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	(2,094)	-	(2,094)
Net loss on debt instruments at fair value through other comprehensive income	-	-	-	(1,372)	-	(1,372)
Foreign currency translation loss	-	-	-	104	(33)	71
Other comprehensive income for the period, net of taxation	-	-	-	(3,362)	(33)	(3,395)
Total comprehensive income for the period	-	-	7,402	(3,362)	985	5,025
<u>Changes in ownership interests of subsidiaries</u>						
Acquisition of additional interest in SLB	-	-	-	(88)	(390)	(478)
<u>Contribution by and distribution to owners</u>						
Dividends on ordinary shares	-	-	(6,246)	-	-	(6,246)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	(862)	(862)
Total transactions with owners in their capacity as owners	-	-	(6,246)	-	(862)	(7,108)
Balance at 30 Nov 18	82,275	(17,777)	613,589	(3,144)	129,888	804,831

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

STATEMENT OF CHANGES IN EQUITY (CONT'D)

COMPANY – 2Q & 1H2020

	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
Profit for the period, net of taxation	–	–	3,639	–	3,639
<u>Other comprehensive income</u>					
Net loss on equity instruments at fair value through other comprehensive income	–	–	–	806	806
Other comprehensive income for the period, net of taxation	–	–	–	806	806
Total comprehensive income for the period	–	–	3,639	806	4,445
<u>Contribution by and distribution to owners</u>					
Dividends on ordinary shares	–	–	(6,246)	–	(6,246)
Balance at 30 Nov 19	82,275	(17,777)	176,435	(5,463)	235,470

COMPANY – 2Q & 1H2019

	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
Profit for the period, net of taxation	–	–	14,333	–	14,333
<u>Other comprehensive income</u>					
Net loss on equity instruments at fair value through other comprehensive income	–	–	–	(929)	(929)
Other comprehensive income for the period, net of taxation	–	–	–	(929)	(929)
Total comprehensive income for the period	–	–	14,333	(929)	13,404
<u>Contribution by and distribution to owners</u>					
Dividends on ordinary shares	–	–	(6,246)	–	(6,246)
Balance at 30 Nov 18	82,275	(17,777)	181,829	(6,202)	240,125

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 September 2019 and 30 November 2019	<u>499,689,200</u>	<u>82,275</u>

Outstanding convertibles

The Company did not have any share convertibles as at 30 November 2019 and 30 November 2018.

Treasury shares and subsidiary holdings

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

As at 30 November 2019, the Company had Nil subsidiary holdings (30 November 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.

	30 Nov19	31 May 19
Total number of issued shares excluding treasury shares	<u>499,689,200</u>	<u>499,689,200</u>

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 September and 30 November	<u>30,070,800</u>	<u>30,070,800</u>

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)	Second quarter ended		Half year ended	
	30 Nov 19	30 Nov 18	30 Nov 19	30 Nov 18
(a) On a basic basis	2.24	1.48	3.72	2.70
(b) On a fully diluted basis	2.24	1.48	3.72	2.70

- 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	
	30 Nov 19	31 May 19	30 Nov 19	31 May 19
Net asset value per ordinary shares (cents)	141.41	138.90	47.12	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

2Q2020 vs 2Q2019

Revenue

The Group recorded revenue of S\$164.7 million for the three months ended 30 Nov 2019 ("2Q2020"), an increase of 102.8% from S\$81.2 million for the three months ended 30 Nov 2018 ("2Q2019"). This was mainly due to higher revenue generated from both the Construction Segment and Property Development Segment.

The higher revenue contribution from the Construction Segment was due to progressive revenue recognition of the Group's construction projects which are mostly at the initial stage of construction. The higher contribution from the Property Development Segment was mainly due to an increase in revenue recognised from Mactaggart Foodlink, based on construction progress, which was partially offset by the absence of revenue from T-Space @ Tampines as the industrial project was substantially completed by 1Q2019.

Cost of sales

In line with the increase in construction activity and the commencement of new projects, cost of sales rose 118.5% to S\$139.9 million in 2Q2020, from S\$64.0 million in 2Q2019.

Gross profit

Taking the above into account, gross profit rose 44.2% to S\$24.8 million in 2Q2020 from S\$17.2 million in 2Q2019.

Operating income and expenses

Other operating income increased to S\$4.7 million in 2Q2020, from S\$2.8 million in 2Q2019, mainly due to an increase in interest income of S\$0.5 million from loans to associates and a \$0.6 million gain on disposal of Wellprime Pte. Ltd, the subsidiary company that owns the development site at 50 Lorong 21 Geylang.

Other operating expenses decreased to S\$0.2 million in 2Q2020, from S\$2.0 million in 2Q2019, mainly due to the foreign exchange gain from the strengthening of the British Pound against Singapore Dollar in 2Q2020.

Finance costs increased to S\$4.8 million in 2Q2020, from S\$4.2 million in 2Q2019, due to an increase in interest expenses on bank loans from the Property Development Segment.

Share of profit of associates decreased from S\$1.7 million in 2Q2019 to S\$1.1 million in 2Q2020 mainly due to the absence of share of profit from the disposal of office units in Prudential Tower in 2Q2019, which was partially mitigated by an increase in development profits recognised from Riverfront Residences and Affinity @ Serangoon as the construction of both projects made progress in 2Q2020.

Share of loss of joint ventures was S\$1.5 million, as compared to share of profit of joint ventures of S\$1.9 million in 2Q2019, due to loss recorded by joint ventures.

Profit attributable to owners of the Company

As a result of the above, the profit attributable to owners of the Company in 2Q2020 was S\$11.2 million, an increase of 51.1% from S\$7.4 million in 2Q2019.

1H2020 vs 1H2019

Revenue

The Group recorded revenue of S\$311.4 million for the half year ended 30 Nov 2019 ("**1H2020**"), an increase of 88.4% from S\$165.3 million for the half year ended 30 Nov 2018 ("**1H2019**"). 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 revenue from the Construction Segment was due to the progressive revenue recognition of construction projects which are mostly at the initial stage of construction. 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 that was substantially completed by 1Q2019. The development project that contributed revenue to the Property Development Segment in 1H2020 was Mactaggart Foodlink.

Cost of sales

In line with the increase in construction activity and the commencement of new projects, cost of sales rose 116.4% to S\$264.6 million in 1H2020, from S\$122.3 million in 1H2019.

Gross profit

In light of the above, gross profit increased by 9.0% to S\$46.9 million in 1H2020 from S\$43.0 million in 1H2019.

Operating income and expenses

Other operating income increased to S\$8.2 million in 1H2020, from S\$5.1 million in 1H2019, mainly due to an increase in interest income of S\$1.3 million from loans to associates and a \$0.6 million gain on disposal of Wellprime Pte. Ltd, the subsidiary company that owns the development site at 50 Lorong 21 Geylang.

Marketing expenses fell significantly with the substantial completion of T-Space @ Tampines by 1Q2019. This led to a 56.1% decline in distribution expenses to S\$1.1 million in 1H2020, from S\$2.6 million in 1H2019.

Other operating expenses decreased to S\$3.5 million in 1H2020, from S\$4.8 million in 1H2019, mainly due to the lower foreign exchange losses of S\$0.6 million as a result of the strengthening of British Pound against Singapore Dollar and the absence of fair value loss of investment securities of S\$0.4 million.

Finance costs increased to S\$9.9 million in 1H2020, from S\$8.6 million in 1H2019, as a result of higher interest expenses on bank loans and interest payable to non-controlling interests of a subsidiary during the period.

In 1H2020, share of profit of associates was S\$2.5 million, as compared to share of loss of associates of S\$1.4 million in 1H2019. The share of loss of associates in 1H2019 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 1H2020, development profits from the sale of these projects were recognised accordingly. However, the improvement in share of profit was partially offset by the absence of share of profit from an associate following the disposal of office units in Prudential Tower in 1H2019.

Share of loss of joint ventures was S\$1.8 million in 1H2020, as compared to share of profit of joint ventures of S\$3.3 million in 1H2019, due to loss recorded by joint ventures in 1H2020.

Profit attributable to owners of the Company

As a result of the above, the profit attributable to owners of the Company in 1H2020 was S\$18.6 million, an increase of 37.7% from S\$13.5 million in 1H2019.

B) Financial Position Statements

Current and non-current assets

Investment properties increased from S\$533.0 million in May 2019 to S\$560.8 million in Nov 19, subsequent to the acquisition of property located at 381 Joo Chiat Road.

Investment in joint venture decreased from S\$19.1 million in May 2019, to S\$15.8 million in Nov 2019, mainly due to loss of S\$1.8 million recorded by joint ventures in 1H2020 and dividend of S\$1.5 million received from a joint venture.

Development properties decreased by S\$20.5 million from S\$104.5 million in May 2019 to S\$84.0 million in Nov 2019, mainly due to the disposal of Wellprime Pte Ltd, the subsidiary company that owns the development site at 50 Lorong 21 Geylang and the sale of development units of the Group's on-going projects.

Investment securities increased from S\$143.3 million in May 2019 to S\$155.8 million in Nov 2019, mainly due to purchase of investment securities of S\$24.4 million, partially offset by the redemption and disposal of investment securities of S\$12.3 million.

Inventories increased from S\$2.9 million in May 2019 to S\$15.0 million in Nov 2019, as a result of the increase in inventories for construction projects.

Prepayments increased from S\$5.6 million in May 2019 to S\$8.1 million in Nov 2019, for the material purchases for construction projects.

Current and non-current liabilities

Contract liabilities increased from S\$29.1 million in May 2019 to S\$33.3 million in Nov 2019, mainly due to an increase in contract liabilities from construction project Affinity @ Serangoon.

Amount due to joint venture decreased from S\$2.2 million in May 2019 to S\$0.7 million in Nov 2019, mainly due to repayment of loans to joint venture.

Total bank loans and bills payable increased S\$14.0 million, from S\$578.4 million in May 2019 to S\$592.4 million in Nov 2019, mainly due to the drawn down of S\$21.6 million bank loans for the acquisition of investment property located 381 Joo Chiat Road; offset by repayment of bank loans of S\$9.4 million due to the disposal of Wellprime Pte Ltd, the subsidiary company that owns the development site at 50 Lorong 21 Geylang.

Obligations under hire purchase increased from S\$5.1 million in May 2019 to S\$6.5 million in Nov 2019, due to acquisition of assets through hire purchase during 1H2020.

Provision for taxation increased to S\$10.7 million in Nov 2019 from S\$8.1 million in May 2019, mainly due to reclassification of deferred tax liabilities to provision for taxation, relating to development profits recognised from T-Space @ Tampines upon progressive billings in 1H2020.

Deferred tax liabilities decreased from S\$4.2 million in May 2019 to S\$2.4 million in Nov 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 1H2020.

C) Cash Flow Statements

In 1H2020, cash and cash equivalents decreased by S\$7.1 million to S\$172.4 million in Nov 2019, mainly due to net cash used in investing activities of S\$37.2 million and financing activities of S\$16.5 million respectively, offset by net cash from operating activities of S\$46.6 million.

Net cash from operating activities of S\$46.6 million was mainly due to operating cash flow before changes in working capital of S\$36.4 million and net working capital inflow of S\$14.5 million, offset by income tax paid of S\$4.2 million.

Net cash used in investing activities of S\$37.2 million was mainly due to purchase of (i) investment property of S\$27.8 million, (ii) investment securities of S\$24.4 million, (iii) property, plant and equipment S\$12.2 million; offset by net proceeds from disposal of a subsidiary \$13.5 million and redemption and disposal of investment securities S\$12.3 million.

Net cash used in financing activities of S\$16.5 million was mainly attributable to dividends paid to non-controlling interests of subsidiaries S\$9.6 million, dividends paid on ordinary shares S\$6.2 million, payment for interest S\$9.9 million, offset by net draw down of bank loans and bills payable S\$14.3 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.

On 8 January 2020, the Building and Construction Authority projected that total construction demand would remain strong in 2020, and could range between S\$28 billion and S\$33 billion (2019: S\$33.4 billion). The projected demand is expected to be driven by sustained public sector construction demand.

The Group remains cautiously optimistic of the outlook of the construction market for the next 12 months. The Group will continue to leverage its solid track record and proven expertise to tender actively for public and private sector projects. In December 2019, its 60%-owned subsidiary, United Tec Construction Pte. Ltd., secured a contract worth S\$178 million for the construction of a private residential development at Clementi Avenue 1. With this latest contract, the Group's order book to date stands at \$1.6 billion, which should support the Group's activities through FY2023.

The property development projects launched by the Group's property development subsidiary, SLB Development Ltd ("SLB") in FY2019 were well-received by the market and have been recording incremental sales. SLB will continue to closely monitor the property market and take cautious and appropriate action to replenish its land bank, when the right opportunity arises. SLB has also commenced its fund management business.

The Group will continue to explore business opportunities in the region through acquisitions, joint ventures and/or strategic alliances. It will also prudently look out for suitable opportunities to diversify its income streams for sustainable future growth.

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	S\$0.01
Tax rate	Tax-exempt (1-tier)

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share	S\$0.01
Tax rate	Tax-exempt (1-tier)

(c) Date payable

The proposed interim dividend will be payable on 10 February 2020.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 31 January 2020, 5.00 p.m. 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 31 January 2020 will be registered to determine shareholders' entitlements to the dividend.

Members whose shares are credited to the securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 31 January 2020 will be entitled to the proposed interim dividend.

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

Not applicable.

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

13 January 2020

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 second quarter and half year ended 30 November 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 second quarter and half year financial results for the period ended 30 November 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

13 January 2020