聯明集團有限公司
LIAN BENG GROUP LTD

29 Harrison Road Lian Beng Building Singapore 369648
T: 62831468 | F: 62898645
Registration No. 199802527Z

FOR IMMEDIATE RELEASE

Lian Beng's 1QFY2019 Revenue Boosted by 15.9% to S$83.0 Million

- **Revenue increased 15.9% to $83.0 million in 1QFY2019 from growth in the Construction and Investment Holdings segments. Prior to adoption of SFRS(I)15 reporting standard, total revenue stood at S$276.4 million, of which S$220.7 million was contributed by SLB Development Ltd**
- **1QFY2019 profit to shareholders stood at S$36.4 million prior to the adoption of SFRS(I)15 reporting standard. Following the adoption of SFRS(I)15, S$7.0 million was recognised in 1QFY2019 and S$29.4 million was adjusted retrospectively to prior years**
- **Maintained healthy financial position with cash and cash equivalents of S$190.1 million as at 31 August 2018**
- **Construction order book of approximately S$1.25 billion as at 31 August 2018 offers steady flow of activities through to FY2022**

SINGAPORE, 12 October 2018 – Lian Beng Group ("**Lian Beng**" or "**the Group**") (联明集团), a Singapore BCA Grade A1 construction group, reported a profit attributable to shareholders of S$7.0 million for its first quarter ended 31 August 2018 ("**1QFY2019**").

In 1QFY2019, the Group's 74.41%-owned property development arm, SLB Development Ltd. ("SLB"), implemented the adoption of new SFRS reporting standards ("SFRS(I)15")[1], where revenue and cost of units sold for development properties are now recognised progressively according to the progress of construction work. Prior to 1 June 2018, SLB had recognised revenue from industrial development properties based on a Completion of Contracts basis, where revenue was recognised upon obtaining TOP and handing over of units to purchasers.

[1] Singapore Financial Reporting Standards (International)

29 Harrison Road Lian Beng Building Singapore 369648
T: 62831468 | F: 62898645
Registration No. 199802527Z

Table 1 – Financial highlights

	Before adoption of SFRS(I) 15		After adoption of SFRS(I) 15		
(S$ '000)	3 months ended 31 August 2018 (1QFY2019)	3 months ended 31 August 2017 (1QFY2018)	3 months ended 31 August 2018 (1QFY2019)	3 months ended 31 August 2017 (1QFY2018)	% change
Revenue	276,396	37,181	82,978	71,573	15.9
Gross profit	80,521	12,409	24,385	19,233	26.8
Other operating income	2,218	10,455	2,218	10,455	(78.8)
Total operating expenses*	(16,201)	(9,695)	(11,508)	(10,614)	8.4
Profit to shareholders	36,437	8,942	6,966	11,394	(38.9)

**Total operating expenses include Distribution expenses, Administrative expenses, and Other operating expenses*

1QFY2019 revenue increased year-on-year ("**yoy**") from S$71.6 million in the first quarter ended 31 August 2017 ("**1QFY2018**") to S$83.0 million mainly due to an increase in revenue from the construction and investment holdings segments, offset by the decrease in revenue from property development segment. In line with the increase in revenue, the Group reported a gross profit of S$24.4 million, a 26.8% increase from the S$19.2 million reported in 1QFY2018.

Retrospectively, the Group would have recorded a revenue of S$276.4 million in revenue, a more than six-fold increase from the S$37.2 million in 1QFY2018, before the adoption of the new SFRS(I)15 reporting standards.

Other operating income saw a drop from S$10.5 million in 1QFY2018 to S$2.2 million in 1QFY2019 mainly due to gain of disposal of investment property at 247 & 249 Collins Street, Melbourne, Australia by Lian Beng Ventures (Melbourne) Pty Ltd in 1QFY2018. Total operating expenses in 1QFY2019, which include Distribution expenses, Administrative expenses, and Other operating expenses, amounted to S$11.5 million, an 8.4% increase from the S$10.6 million recorded in 1QFY2018.

Following the abovementioned, the Group reported a 38.9% drop in profit to shareholders to S$7.0 million, as compared to the S$11.4 million as reported in the previous corresponding period. Prior to the adoption of the SFRS(I)15 reporting standards, the Group would have recorded a profit to shareholders of S$36.4 million in 1QFY2019, which is more than tripled of the S$8.9 million reported in 1QFY2018.

Commenting on the Group's 1QFY2019 financial results, **Mr Ong Pang Aik (王邦益), Lian Beng's Executive Chairman**, said, "Despite the impact of the change of accounting treatment reflected in this quarter, the

29 Harrison Road Lian Beng Building Singapore 369648
T: 62831468 | F: 62898645
Registration No. 199802527Z

overall performance of the Group has been encouraging and we look forward to the contributions from the Property Development and Construction segments."

The Group maintained a strong balance sheet with healthy cash level of S$190.1 million as at 31 August 2018, which allows it to continue to explore local and overseas opportunities to expand its business.

Net cash from operating activities was S$96.4 million in 1QFY2019, in comparison to cash outflow of S$8.0 million in 1QFY2018 and was mainly due to operating cash flow before changes in working capital of S$15.7 million and net working capital inflow of S$81.2 million and interest paid capitalised development properties of S$0.5 million. Net working capital inflow was mainly due to proceeds from the sale of development units for T-Space @ Tampines.

In January 2018, the Building and Construction Authority ("**BCA**") projected that S$26 billion to S$31 billion in construction contracts could be awarded in 2018, up from the S$24.5 billion estimated to have been awarded in 2017. The projected higher construction demand is due to an anticipated increase in public sector work, which is expected to grow from S$15.5 billion in 2017 to between S$16 billion and S$19 billion in 2018[2].

Moving forward, the Group will also be looking forward to the recurring income being generated by our investment properties portfolio, which includes newly acquired properties such as Wilkie Edge and Sembawang Shopping Centre, and also two dormitory properties in Mandai and Papan[3].

According to flash estimate of the price index for private residential property for 3Q2018 released by Urban Redevelopment Authority on 1 October 2018, the private property index increased by 0.7 points or 0.5% in 2Q2018 compared to 3.4% increase in the previous quarter[4]. With the various existing property cooling measures, the Group expects prices in the residential property market to remain moderate in year 2018.

In light of the above, while the Group is cautiously optimistic of the outlook for the construction industry in the next 12 months, it will continue to tender for public and private sector projects leverage on its strong

[2] "Public works, en bloc projects to fuel S$26b-S$31b of construction demand in 2018: BCA" *The Business Times*, 11 Jan 2018, retrieved from: https://www.businesstimes.com.sg/government-economy/public-works-en-bloc-projects-to-fuel-s26b-s31b-of-construction-demand-in-2018

[3] Of the 12 investment properties in our portfolio, 8 are fully-owned, and 4 are partially-owned with stakes ranging from 49% to 55%

[4] "URA releases flash estimate of 3rd Quarter 2018 private residential property index" *Urban Redevelopment Authority*, 1 October 2018, retrieved from: https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr18-59

29 Harrison Road Lian Beng Building Singapore 369648
T: 62831468 | F: 62898645
Registration No. 199802527Z

track record and proven expertise. As at 31 August 2018, the Group's total orderbook stood at S$1.25 billion which will provide a steady flow of activities through to FY2022.

- The End –

About Lian Beng Group Ltd

Established in 1973, Lian Beng Group Ltd is one of few Singapore's major home-grown construction groups with integrated civil engineering and construction support service capabilities. The Group is principally involved in the construction of residential, industrial and commercial projects, and civil engineering projects as a main contractor.

As a Building and Construction Authority (BCA) Grade A1 contractor in General Building, Lian Beng can tender for public sector building projects of unlimited contract value, while its A2 grade in Civil Engineering allows it to tender for engineering projects of up to $85 million in contract value. Based on years of experience and impeccable track record, the Group has established a reputation in managing large-scale and complex construction projects.

Lian Beng also engages in other construction related activities such as the provision of scaffolding and engineering services, supply of ready-mix concrete and asphalt premix, leasing of equipment and machinery, reinforcement bar fabrication, sourcing and management of construction materials and training of foreign construction labour.

Apart from construction, Lian Beng also engages in property investment. The Group also has a few property investment projects locally and overseas, and presently operates two local workers' dormitories, both through joint ventures.

The Group, an advocate for sustainable living, was awarded with the Green Mark Platinum award by BCA in 2010 for its project at 29 Harrison Road, the Group's headquarters building.

Lian Beng Group Ltd was listed on the Main Board of the Singapore Exchange in 1999.

For more information, please visit http://www.lianbeng.com.sg.

Issued for and on behalf of Lian Beng Group Ltd

For more information, please contact:

Financial PR Pte Ltd
Romil SINGH (romil@financialpr.com.sg)
SUA Xiu Kai (xiukai@financialpr.com.sg)
T: +65 6438 2990 F: +65 6438 0064