

BOUSTEAD PROJECTS LIMITED
AND ITS SUBSIDIARIES

**SINGAPORE'S LEADING INNOVATOR IN
INDUSTRIAL REAL ESTATE SOLUTIONS**

SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR 1Q FY2018
ENDED 30 JUNE 2017



Corporate Profile

Established in 1996, Boustead Projects Limited is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of industrial facilities for multinational corporations and local enterprises. To date, we have constructed and developed more than 3,000,000 square metres of industrial real estate regionally in Singapore, China, Malaysia and Vietnam. Our wholly-owned design-and-build subsidiary, Boustead Projects E&C Pte Ltd ("BP E&C") is approved by the Building & Construction Authority ("BCA") of Singapore for Grade CW01-A1 and General Builder Class One License to execute building construction contracts of unlimited value.

Our in-depth experience in designing and constructing custom-built facilities covers the aerospace, commercial, food, healthcare and pharmaceutical, high-tech manufacturing, lifestyle, logistics, oil & gas, precision engineering, research & development, resource recovery, technology and transportation industries. We are also a leader in pioneering advanced eco-sustainable facilities under the BCA's Green Mark Programme and the US Green Building Council's Leadership in Energy & Environmental Design (LEED) Program. In Singapore, BP E&C is one of only nine bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a company's health, safety and environmental management programmes.

On 30 April 2015, Boustead Projects listed on the SGX Mainboard.

Boustead Projects is a 51%-owned subsidiary of Boustead Singapore Limited, a progressive global infrastructure-related engineering services and geo-spatial technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

Unaudited Financial Statements and Related Announcement for the First Quarter Ended 30 June 2017

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.

	Note	GROUP		
		30.6.17 \$'000	30.6.16 \$'000	Inc/(Dcr) %
Revenue		45,658	60,901	-25%
Cost of sales		(31,115)	(47,371)	-34%
Gross profit		14,543	13,530	7%
Other income	1	586	754	-22%
Other gains/(losses) – net	2	6	(56)	NM
Expenses				
- Selling and distribution		(993)	(935)	6%
- Administrative		(5,629)	(4,860)	16%
- Finance		(467)	(642)	-27%
Share of loss of an associated company and joint ventures		(979)	(444)	120%
Profit before income tax	3	7,067	7,347	-4%
Income tax expense	4	(1,276)	(1,272)	0%
Total profit		5,791	6,075	-5%
Profit/(loss) attributable to:				
Equity holders of the Company		5,791	6,077	-5%
Non-controlling interests		-	(2)	NM
		5,791	6,075	-5%

NM – not meaningful

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. (cont'd)

	GROUP		
	First quarter ended		
	30.6.17	30.6.16	Inc/(Dcr)
	\$'000	\$'000	%
Total profit	5,791	6,075	-5%
Other comprehensive income/(loss):			
<u>Items that may be reclassified subsequently to profit or loss</u>			
- Currency translation differences arising from consolidation	194	(314)	NM
Other comprehensive income/(loss), net of tax	194	(314)	NM
Total comprehensive income	5,985	5,761	4%
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	5,985	5,763	4%
Non-controlling interests	-	(2)	-100%
	5,985	5,761	4%

NM – not meaningful

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. (cont'd)

	GROUP		
	First quarter ended		
	30.6.17	30.6.16	Inc/(Dcr)
	\$'000	\$'000	%
<u>Note 1: Other income</u>			
Interest income	273	438	-38%
Sublease income	313	316	-1%
	586	754	-22%
<u>Note 2: Other gains/(losses) – net</u>			
Currency exchange gains/(losses) – net	6	(56)	NM
<u>Note 3: Profit before income tax is arrived at after charging the following:</u>			
Depreciation expense	(1,681)	(1,670)	1%
Employee share-based payment expense	(209)	-	NM
<u>Note 4: Income tax</u>			
The provision for income tax is made after taking into account non-deductible expenses, non-taxable income and temporary differences and is based on the statutory tax rates of the respective countries that the Group operates in.			
The Group's income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% mainly due to certain expenses which are not deductible for tax purposes and overseas subsidiaries' profits which are subject to higher tax rates.			

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.

Balance Sheets

	Note	GROUP		COMPANY	
		30.6.17 \$'000	31.3.17 \$'000	30.6.17 \$'000	31.3.17 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		135,372	113,374	122,243	100,164
Properties held for sale		30,656	30,612	-	-
Trade receivables		52,515	64,185	23,885	43,272
Other receivables and prepayments		17,162	41,681	118,763	143,309
Contracts work-in-progress		20,039	8,436	2,225	2,468
		255,744	258,288	267,116	289,213
Non-current assets					
Trade receivables		453	-	-	-
Other receivables and prepayments		5,555	6,064	-	-
Investment in an associated company		-	-	-	-
Investments in joint ventures		33,038	32,354	38,462	37,263
Investments in subsidiaries		-	-	28,454	28,282
Available-for-sale financial asset		20,519	20,519	20,519	20,519
Investment properties		133,204	134,796	-	-
Property, plant and equipment		833	812	-	506
		193,602	194,545	87,435	86,570
Total assets		449,346	452,833	354,551	375,783
LIABILITIES					
Current liabilities					
Borrowings	1(b)(ii)	18,095	18,295	-	-
Trade and other payables		96,947	106,695	139,692	167,419
Income tax payable		11,507	10,898	5,154	4,651
Contracts work-in-progress		9,052	9,458	3,323	-
		135,601	145,346	148,169	172,070
Non-current liabilities					
Borrowings	1(b)(ii)	68,685	70,059	-	-
Trade payables		6,533	4,973	3,170	3,170
Deferred income tax liabilities		3,177	3,077	77	77
		78,395	78,109	3,247	3,247
Total liabilities		213,996	223,455	151,416	175,317
NET ASSETS		235,350	229,378	203,135	200,466
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		15,000	15,000	15,000	15,000
Treasury shares		(257)	(35)	(257)	(35)
Retained profits		223,970	218,179	187,823	185,141
Other reserves		(3,363)	(3,766)	569	360
Total equity	1(d)(i)	235,350	229,378	203,135	200,466

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

Amount repayable within one year or less, or on demand

As at 30.6.17 \$'000		As at 31.3.17 \$'000	
Secured	Unsecured	Secured	Unsecured
18,095	-	18,295	-

Amount repayable after one year

As at 30.6.17 \$'000		As at 31.3.17 \$'000	
Secured	Unsecured	Secured	Unsecured
68,685	-	70,059	-

Total borrowings of \$86,780,000 (31.3.17: \$88,354,000) are secured over properties held for sale and investment properties of the Group.

- 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.

Consolidated Statement of Cash Flows

	GROUP	
	First quarter ended 30.6.17 \$'000	30.6.16 \$'000
Cash flows from operating activities		
Profit before income tax	7,067	7,347
Adjustments for:		
Depreciation expense	1,681	1,670
Share of loss of an associated company and joint ventures	979	444
Employee share-based compensation expense	209	-
Fair value gains on foreign exchange contracts	-	(43)
Interest income	(273)	(438)
Finance expenses	467	642
Currency exchange gains/(losses) – net	(6)	56
	10,124	9,678
Change in working capital:		
- Trade and other receivables	12,829	1,128
- Contracts work-in-progress	(12,009)	(6,698)
- Properties held for sale	(44)	-
- Trade and other payables	(8,540)	4,571
Cash generated from operations	2,360	8,679
Interest received	273	438
Interest paid	(467)	(642)
Income tax paid	(565)	(109)
Net cash provided by operating activities	1,601	8,366

- 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.

Consolidated Statement of Cash Flows (cont'd)

	GROUP	
	First quarter ended 30.6.17 \$'000	30.6.16 \$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(110)	(51)
Proceeds from disposal of an available-for-sale financial asset	25,895	-
Loan to an associated company	(2,247)	-
Loan to joint ventures	(1,428)	-
Proceeds from repayment of loan by a joint venture	-	2,727
Net cash provided by investing activities	22,110	2,676
Cash flows from financing activities		
Repayment of borrowings	(1,574)	(1,274)
Purchase of treasury shares	(222)	-
Dividends received from a joint venture	115	-
Net cash used in financing activities	(1,681)	(1,274)
Net increase in cash and cash equivalents	22,030	9,768
Cash and cash equivalents		
Beginning of financial period	113,374	90,876
Effect of currency translation on cash and cash equivalents	(32)	(265)
End of financial period	135,372	100,379

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 immediately preceding financial year.

	(-----Other reserves-----)							Equity attributable to equity holders of the Company	Non-controlling interests	Total
	Share capital	Treasury shares	Retained profits	Merger reserve	Share-based compensation reserve	Foreign currency translation reserve	Subtotal			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP										
1Q FY2018										
Balance at 1 April 2017	15,000	(35)	218,179	(2,854)	360	(1,272)	(3,766)	229,378	-	229,378
Profit for the period	-	-	5,791	-	-	-	-	5,791	-	5,791
Other comprehensive income for the period	-	-	-	-	-	194	194	194	-	194
Total comprehensive income for the period	-	-	5,791	-	-	194	194	5,985	-	5,985
Purchase of treasury shares	-	(222)	-	-	-	-	-	(222)	-	(222)
Employee share option scheme										
- Value of employee services	-	-	-	-	209	-	209	209	-	209
Balance at 30 June 2017	15,000	(257)	223,970	(2,854)	569	(1,078)	(3,363)	235,350	-	235,350
1Q FY2017										
Balance at 1 April 2016	15,000	-	182,081	(2,854)	-	(261)	(3,115)	193,966	(106)	193,860
Profit/(loss) for the period	-	-	6,077	-	-	-	-	6,077	(2)	6,075
Other comprehensive loss for the period	-	-	-	-	-	(314)	(314)	(314)	-	(314)
Total comprehensive income/(loss) for the period	-	-	6,077	-	-	(314)	(314)	5,763	(2)	5,761
Balance at 30 June 2016	15,000	-	188,158	(2,854)	-	(575)	(3,429)	199,729	(108)	199,621

1.(d)(i) Statement of Changes in Equity (cont'd)

	Share capital \$'000	Treasury shares \$'000	(--Other reserves--) Share-based compensation reserve \$'000	Retained profits \$'000	Total \$'000
COMPANY					
1Q FY2018					
Balance at 1 April 2017	15,000	(35)	360	185,141	200,466
Profit for the period, representing total comprehensive income for the period	-	-	-	2,682	2,682
Purchase of treasury shares	-	(222)	-	-	(222)
Employee share option scheme - Value of employee services	-	-	209	-	209
Balance at 30 June 2017	15,000	(257)	569	187,823	203,135
1Q FY2017					
Balance at 1 April 2016	15,000	-	-	161,125	176,125
Profit for the period, representing total comprehensive income for the period	-	-	-	2,813	2,813
Balance at 30 June 2016	15,000	-	-	163,938	178,938

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

During the period, the issued and paid-up capital of the Company (excluding treasury shares) decreased from 319,960,000 ordinary shares to 319,700,200 ordinary shares. This resulted from the repurchase of a total of 259,800 ordinary shares pursuant to the Share Buy-Back Mandate approved at the Extraordinary General Meeting of the Company held on 28 July 2016. As at 30 June 2017, there were a total of 299,800 (30.06.16: Nil) treasury shares.

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.

	As at 30.6.17	As at 31.3.17
Total number of issued shares (excluding treasury shares)	319,700,200	319,960,000

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation 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 auditing standard or practice.

The figures have not been audited or reviewed.

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.

On 1 April 2017, the Group adopted the amended FRS that are mandatory for application for the financial year ending 31 March 2018. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The adoption of these amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and is not expected to have a material effect on the amounts reported for the current or prior financial years.

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.

None, as disclosed in Note 4 above.

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.

	GROUP	
	First quarter ended	
	30.6.17	30.6.16
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(i) Based on weighted average number of ordinary shares in issue (¢)	1.8	1.9
(ii) On a fully diluted basis (¢)	1.8	1.9
 Weighted average number of ordinary shares in issue:		
Basic	319,733,533	320,000,000
Fully diluted basis	320,000,000	320,000,000

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

	GROUP		COMPANY	
	30.6.17	31.3.17	30.6.17	31.3.17
Net asset value per ordinary share based on issued shares (excluding treasury shares) as at the end of the period reported on (\$)	0.736	0.717	0.635	0.627
Number of issued shares (excluding treasury shares) as at the end of the period reported on	319,700,200	319,960,000	319,700,200	319,960,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(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.

Overview

The Boustead Projects Group ("BP Group")'s revenue is largely derived from project-oriented business and as such, quarterly results would not accurately reflect the full-year's performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

For 1Q FY2018, total revenue was 25% lower year-on-year at \$45.7 million, due to lower revenue contributions from both the design-and-build and leasing businesses. However, total profit was 5% lower year-on-year at \$5.8 million, mainly supported by better overall gross margins achieved due to productivity improvements and the unlocking of cost savings from projects.

Segment Revenue

Segment	Revenue		Favourable/ (Unfavourable)
	1Q FY2018	1Q FY2017	Change
	\$'m	\$'m	%
Design-and-Build	37.8	52.4	-28
Leasing	7.9	8.5	-7
BP Group Total	45.7	60.9	-25

Note: Any differences in summation are due to rounding differences.

Design-and-build revenue for 1Q FY2018 was 28% lower year-on-year at \$37.8 million, as there were more projects with greater work progress in the previous year's comparative period. In addition, there was a lower total value of contracts secured during FY2017 for revenue conversion during 1Q FY2018.

Leasing revenue for 1Q FY2018 was 7% lower year-on-year at \$7.9 million, mainly impacted by the lack of contribution from 36 Tuas Road due to AusGroup's early lease termination in 4Q FY2017.

Group Profitability

A breakdown of profit before income tax ("PBT") by business segment is provided as follows.

Segment	PBT		Favourable/ (Unfavourable)
	1Q FY2018	1Q FY2017	Change
	\$'m	\$'m	%
Design-and-Build	3.4	2.9	+17
Leasing	3.7	4.4	-16
BP Group Total	7.1	7.3	-4

Note: Any differences in summation are due to rounding differences.

The BP Group's overall gross profit for 1Q FY2018 increased 7% year-on-year to \$14.5 million. Overall gross margin for 1Q FY2018 increased to 32% from 22% in 1Q FY2017, mainly due to productivity improvements and unlocking of cost savings from projects.

Other income for 1Q FY2018 fell 22% year-on-year to \$0.6 million, mainly due to lower interest income.

Total overhead expenses for 1Q FY2018 rose 14% year-on-year to \$6.6 million (selling and distribution expenses of \$1.0 million, and administrative expenses of \$5.6 million), mainly due to investment in new capabilities in line with the BP Group's regional growth strategies and increased professional fees related to joint venture investments.

Finance expenses for 1Q FY2018 decreased 27% year-on-year to \$0.5 million following the scheduled repayment of borrowings.

Share of loss of an associated company and joint ventures for 1Q FY2018 increased to \$1.0 million, largely due to the elimination of construction and project management profits attributable to projects which the BP Group has entered into with an associated company and joint ventures.

Total PBT for 1Q FY2018 was 4% lower year-on-year at \$7.1 million, on lower other income, higher overhead expenses and higher share of loss of an associated company and joint ventures, partially offset by higher gross profit and lower finance expenses.

Income tax expense for 1Q FY2018 remained comparable year-on-year at \$1.3 million.

Total profit for 1Q FY2018 was 5% lower year-on-year at \$5.8 million. Similarly, profit attributable to equity holders of the Company for 1Q FY2018 was 5% lower year-on-year at \$5.8 million.

Statement of Cash Flows

During 1Q FY2018, cash and cash equivalents (after taking into account the effects of currency translation) increased by \$22.0 million to \$135.4 million, uplifted by cash provided by operating and investing activities, partially offset by the repayment of borrowings.

Net cash provided by operating activities for 1Q FY2018 amounted to \$1.6 million, with \$10.1 million in operating cash flows before changes in working capital, partially offset by a \$7.8 million negative change in working capital. This positive net cash from operating activities was driven by collection of trade receivables from clients surpassing payments made to subcontractors and suppliers.

Net cash provided by investing activities for 1Q FY2018 amounted to \$22.1 million, mainly from proceeds from the disposal of an available-for-sale financial asset (i.e. the BP Group's interest in TripleOne Somerset), partially offset by loans extended to an associated company and joint ventures.

Net cash used in financing activities for 1Q FY2018 amounted to \$1.7 million, largely due to the scheduled repayment of borrowings.

Balance Sheets

At the end of 1Q FY2018, the BP Group's financial position remained healthy with cash and cash equivalents of \$135.4 million and total equity of \$235.4 million.

Under current assets, the BP Group's cash and cash equivalents increased to \$135.4 million as described earlier under the explanation for Statement of Cash Flows. Trade receivables declined to \$52.5 million due to collection of prior year outstanding trade receivables. Other receivables and prepayments significantly decreased to \$17.2 million, mainly due to the collection of proceeds from the disposal of an available-for-sale financial asset (i.e. the BP Group's interest in TripleOne Somerset), partially offset by a loan extended to an associated company. Net contracts work-in-progress increased to \$11.0 million as a result of an increase in unbilled revenue at the end of 1Q FY2018.

Under non-current assets, investments in joint ventures edged up to \$33.0 million, with the extension of shareholders' loans to joint ventures for the development of industrial properties for lease. Investment properties declined to \$133.2 million, mainly as a result of depreciation.

Under liabilities, total trade and other payables decreased to \$103.5 million, following payments made during 1Q FY2018.

Total borrowings declined to \$86.8 million, following the scheduled repayment of borrowings in relation to the industrial leasehold portfolio.

The BP Group's net asset value per share climbed to 73.6 cents at the end of 1Q FY2018, from 71.7 cents at the end of FY2017, while the net cash position (cash and cash equivalents less total borrowings) significantly improved to \$48.6 million at the end of 1Q FY2018.

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

None.

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.

The BP Group's current order book backlog (unrecognised project revenue remaining at the end of 1Q FY2018 plus the total value of new orders secured since then) stands at approximately \$137 million.

FY2018 is expected to be another challenging year. Notwithstanding this, with a healthy balance sheet and strong net cash position, the BP Group will pursue its strategies to strengthen its smart building and eco-sustainable capabilities, drive cost and productivity improvements, focus on higher value industries, and build further strategic partnerships and platforms regionally.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date payable

Not applicable.

(d) Books closure

Not applicable.

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

No dividend has been declared/recommendeded for this 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.

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Negative Confirmation by the Board pursuant to Rule 705(5)

We, John Lim Kok Min and Chu Kok Hong @ Choo Kok Hong, being two of the directors of Boustead Projects Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the 1Q FY2018 financial results to be false or misleading in any material aspect.

15. Confirmation of undertakings from Directors and Executive Officer

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

On behalf of the board of directors

John Lim Kok Min
Chairman

Chu Kok Hong @ Choo Kok Hong
Managing Director

BY ORDER OF THE BOARD

Tay Chee Wah
Company Secretary
8 August 2017