

BOUSTEAD PROJECTS LIMITED
AND ITS SUBSIDIARIES

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

SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR 2Q FY2018
ENDED 30 SEPTEMBER 2017



Corporate Profile

Established in 1996, Boustead Projects Limited (SGX:AVM) 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 10 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 (SGX:F9D), 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.

BOUSTEAD PROJECTS LIMITED
(Company Registration No. 199603900E)

Unaudited Financial Statements and Related Announcement for the Second Quarter Ended 30 September 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 Second quarter ended			GROUP Half-year ended		
		30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %	30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %
Revenue		50,117	62,239	-19%	95,775	123,140	-22%
Cost of sales		(31,585)	(46,845)	-33%	(62,700)	(94,216)	-33%
Gross profit		18,532	15,394	20%	33,075	28,924	14%
Other income	1	804	834	-4%	1,390	1,588	-12%
Other gains/(losses) – net	2	36	(15)	NM	42	(71)	NM
Expenses							
- Selling and distribution		(1,135)	(1,023)	11%	(2,128)	(1,958)	9%
- Administrative		(6,166)	(4,806)	28%	(11,795)	(9,666)	22%
- Finance		(475)	(642)	-26%	(942)	(1,284)	-27%
Share of profit/(loss) of an associated company and joint ventures		252	(623)	NM	(727)	(1,067)	-32%
Profit before income tax	3	11,848	9,119	30%	18,915	16,466	15%
Income tax expense	4	(2,313)	(1,692)	37%	(3,589)	(2,964)	21%
Total profit		9,535	7,427	28%	15,326	13,502	14%
Profit attributable to:							
Equity holders of the Company		9,535	7,274	31%	15,326	13,351	15%
Non-controlling interests		-	153	-100%	-	151	-100%
		9,535	7,427	28%	15,326	13,502	14%

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 Second quarter ended			GROUP Half-year ended		
	30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %	30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %
Total profit	9,535	7,427	28%	15,326	13,502	14%
Other comprehensive income/(loss):						
<u>Items that may be reclassified subsequently to profit or loss</u>						
- Currency translation differences arising from consolidation	97	(125)	NM	291	(439)	NM
Other comprehensive income/(loss), net of tax	97	(125)	NM	291	(439)	NM
Total comprehensive income	9,632	7,302	32%	15,617	13,063	20%
Total comprehensive income attributable to:						
Equity holders of the Company	9,632	7,149	35%	15,617	12,912	21%
Non-controlling interests	-	153	-100%	-	151	-100%
	9,632	7,302	32%	15,617	13,063	20%

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 Second quarter ended			GROUP Half-year ended		
	30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %	30.9.17 \$'000	30.9.16 \$'000	Inc/(Dcr) %
<u>Note 1: Other income</u>						
Interest income	520	518	0%	793	956	-17%
Sublease income	284	316	-10%	597	632	-6%
	804	834	-4%	1,390	1,588	-12%
<u>Note 2: Other gains/(losses) – net</u>						
Currency exchange gains/(losses) – net	36	(15)	NM	42	(71)	NM
<u>Note 3: Profit before income tax is arrived at after charging the following:</u>						
Depreciation expense	(1,679)	(1,653)	2%	(3,360)	(3,323)	1%
Employee share-based payment expense	(108)	-	NM	(317)	-	NM
<u>Note 4: Income tax expense</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.						

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.

Balance Sheets

	Note	GROUP		COMPANY	
		30.9.17 \$'000	31.3.17 \$'000	30.9.17 \$'000	31.3.17 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		122,939	113,374	103,746	100,164
Properties held for sale		30,672	30,612	-	-
Trade receivables		63,564	64,185	28,681	43,272
Other receivables and prepayments		19,323	41,681	124,097	143,309
Contracts work-in-progress		13,555	8,436	626	2,468
		250,053	258,288	257,150	289,213
Non-current assets					
Trade receivables		1,247	-	-	-
Other receivables and prepayments		4,783	6,064	-	-
Investment in an associated company		491	-	-	-
Investments in joint ventures		34,183	32,354	40,287	37,263
Investments in subsidiaries		-	-	28,488	28,282
Available-for-sale financial asset		20,519	20,519	20,519	20,519
Investment properties		131,617	134,796	-	-
Property, plant and equipment		850	812	-	506
		193,690	194,545	89,294	86,570
Total assets		443,743	452,833	346,444	375,783
LIABILITIES					
Current liabilities					
Borrowings	1(b)(ii)	18,095	18,295	-	-
Trade and other payables		100,983	106,695	141,757	167,419
Income tax payable		10,917	10,898	4,477	4,651
Contracts work-in-progress		1,296	9,458	-	-
		131,291	145,346	146,234	172,070
Non-current liabilities					
Borrowings	1(b)(ii)	68,200	70,059	-	-
Trade payables		3,724	4,973	626	3,170
Deferred income tax liabilities		3,498	3,077	77	77
		75,422	78,109	703	3,247
Total liabilities		206,713	223,455	146,937	175,317
NET ASSETS		237,030	229,378	199,507	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		(325)	(35)	(325)	(35)
Retained profits		225,513	218,179	184,155	185,141
Other reserves		(3,158)	(3,766)	677	360
Total equity	1(d)(i)	237,030	229,378	199,507	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 30.9.17 \$'000		As at 31.3.17 \$'000	
Secured	Unsecured	Secured	Unsecured
18,095	-	18,295	-

Amount repayable after one year

As at 30.9.17 \$'000		As at 31.3.17 \$'000	
Secured	Unsecured	Secured	Unsecured
68,200	-	70,059	-

Total borrowings of \$86,295,000 (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		GROUP	
	Second quarter ended 30.9.17 \$'000	30.9.16 \$'000	Half-year ended 30.9.17 \$'000	30.9.16 \$'000
Cash flows from operating activities				
Profit before income tax	11,848	9,119	18,915	16,466
Adjustments for:				
Depreciation expense	1,679	1,653	3,360	3,323
Share of (profit)/loss of an associated company and joint ventures	(252)	623	727	1,067
Employee share-based compensation expense	108	-	317	-
Fair value gains on foreign exchange contracts	-	(62)	-	(105)
Interest income	(520)	(518)	(793)	(956)
Finance expenses	475	642	942	1,284
Currency exchange gains/(losses) – net	(36)	15	(42)	71
	13,302	11,472	23,426	21,150
Change in working capital:				
- Trade and other receivables	(10,902)	21,970	1,927	23,098
- Contracts work-in-progress	(1,272)	7,692	(13,281)	994
- Properties held for sale	(1)	-	(45)	-
- Trade and other payables	2,614	(1,726)	(5,926)	2,845
Cash generated from operations	3,741	39,408	6,101	48,087
Interest received	520	518	793	956
Interest paid	(475)	(642)	(942)	(1,284)
Income tax paid	(2,583)	(2,851)	(3,148)	(2,960)
Net cash provided by operating activities	1,203	36,433	2,804	44,799

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		GROUP	
	Second quarter ended 30.9.17 \$'000	30.9.16 \$'000	Half-year ended 30.9.17 \$'000	30.9.16 \$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(111)	(59)	(221)	(110)
Proceeds from disposal of an available-for-sale financial asset	-	-	25,895	-
Loan to an associated company	(2,261)	-	(4,508)	-
Loans to joint ventures	(2,770)	(3,018)	(4,198)	(3,018)
Proceeds from repayment of a loan by a joint venture	-	2,726	-	5,453
Loan to a related party	-	(1,460)	-	(1,460)
Net cash (used in)/provided by investing activities	(5,142)	(1,811)	16,968	865
Cash flows from financing activities				
Repayment of borrowings	(485)	(1,274)	(2,059)	(2,548)
Purchase of treasury shares	(68)	-	(290)	-
Dividends received from a joint venture	-	-	115	-
Dividends paid to equity holders of the Company	(7,992)	-	(7,992)	-
Distributions paid to non-controlling interests	-	(45)	-	(45)
Net cash used in financing activities	(8,545)	(1,319)	(10,226)	(2,593)
Net (decrease)/increase in cash and cash equivalents	(12,484)	33,303	9,546	43,071
Cash and cash equivalents				
Beginning of financial period	135,372	100,379	113,374	90,876
Effects of currency translation on cash and cash equivalents	51	(42)	19	(307)
End of financial period	122,939	133,640	122,939	133,640

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-----)									
	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Merger reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Subtotal \$'000	Equity attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total \$'000
GROUP										
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
Profit for the period	-	-	9,535	-	-	-	-	9,535	-	9,535
Other comprehensive income for the period	-	-	-	-	-	97	97	97	-	97
Total comprehensive income for the period	-	-	9,535	-	-	97	97	9,632	-	9,632
Purchase of treasury shares	-	(68)	-	-	-	-	-	(68)	-	(68)
Employee share option scheme - Value of employee services	-	-	-	-	108	-	108	108	-	108
Dividends	-	-	(7,992)	-	-	-	-	(7,992)	-	(7,992)
Balance at 30 September 2017	15,000	(325)	225,513	(2,854)	677	(981)	(3,158)	237,030	-	237,030

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

	(-----Other reserves-----)									
	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Merger reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Subtotal \$'000	Equity attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total \$'000
GROUP										
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
Profit for the period	-	-	7,274	-	-	-	-	7,274	153	7,427
Other comprehensive loss for the period	-	-	-	-	-	(125)	(125)	(125)	-	(125)
Total comprehensive income/(loss) for the period	-	-	7,274	-	-	(125)	(125)	7,149	153	7,302
Distributions	-	-	-	-	-	-	-	-	(45)	(45)
Balance at 30 September 2016	15,000	-	195,432	(2,854)	-	(700)	(3,554)	206,878	-	206,878

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

	(--Other reserves--)				
	Share capital	Treasury shares	Share-based compensation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
COMPANY					
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
Profit for the period, representing total comprehensive income for the period	-	-	-	4,324	4,324
Purchase of treasury shares	-	(68)	-	-	(68)
Employee share option scheme - Value of employee services	-	-	108	-	108
Dividends	-	-	-	(7,992)	(7,992)
Balance at 30 September 2017	15,000	(325)	677	184,155	199,507

	(--Other reserves--)				
	Share capital	Treasury shares	Share-based compensation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
COMPANY					
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
Profit for the period, representing total comprehensive income for the period	-	-	-	4,276	4,276
Balance at 30 September 2016	15,000	-	-	168,214	183,214

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 319,700,200 ordinary shares to 319,622,200 ordinary shares, due to the repurchase of a total of 78,000 ordinary shares. As at 30 September 2017, there were a total of 377,800 (30.9.16: 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 30.9.17	As at 31.3.17
Total number of issued shares	319,622,200	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		GROUP	
	Second quarter ended 30.9.17	30.9.16	Half-year ended 30.9.17	30.9.16
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 (¢)	3.0	2.3	4.8	4.2
(ii) On a fully diluted basis (¢)	3.0	2.3	4.8	4.2
Weighted average number of ordinary shares in issue:				
Basic	319,642,200	320,000,000	319,687,867	320,000,000
Fully diluted basis	320,000,000	320,000,000	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	
	30.9.17	31.3.17	30.9.17	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 (\$)	0.742	0.717	0.624	0.627
Number of issued shares (excluding treasury shares) as at the end of the period reported on	319,622,200	319,960,000	319,622,200	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 2Q FY2018, total revenue was 19% lower year-on-year at \$50.1 million, due to lower revenue contributions from both the design-and-build and leasing businesses. However, total profit was 28% higher year-on-year at \$9.5 million, achieved on a better overall gross margin due to productivity improvements and the unlocking of project cost savings.

Due to the same reasons mentioned for 2Q FY2018, total revenue for 1H FY2018 was 22% lower year-on-year at \$95.8 million, while total profit for 1H FY2018 was 14% higher year-on-year at \$15.3 million.

Segment Revenue

Segment	Revenue			Favourable/ (Unfavourable)		
	2Q FY2018	2Q FY2017	Change	1H FY2018	1H FY2017	Change
	\$'m	\$'m		\$'m	\$'m	
Design-and-Build	42.2	53.9	-22	80.0	106.3	-25
Leasing	7.9	8.3	-5	15.8	16.8	-6
BP Group Total	50.1	62.2	-19	95.8	123.1	-22

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

2Q FY2018 Segment Revenue

Design-and-build revenue for 2Q FY2018 was 22% lower year-on-year at \$42.2 million, as the previous year's comparative period had more projects with greater work progress. In addition, there was a lower total value of contracts secured during FY2017 for revenue conversion during 2Q FY2018.

Leasing revenue for 2Q FY2018 was 5% 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, partially offset by contribution from new leases and development management fees.

1H FY2018 Segment Revenue

Due to the same reasons mentioned for 2Q FY2018, design-and-build revenue for 1H FY2018 was 25% lower year-on-year at \$80.0 million, while leasing revenue for 1H FY2018 was 6% lower year-on-year at \$15.8 million.

Group Profitability

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

Segment	PBT			Favourable/ (Unfavourable) Change		
	2Q FY2018 \$'m	2Q FY2017 \$'m	%	1H FY2018 \$'m	1H FY2017 \$'m	%
Design-and-Build	8.3	4.6	+80	11.7	7.5	+56
Leasing	3.5	4.5	-22	7.2	9.0	-20
BP Group Total	11.8	9.1	+30	18.9	16.5	+15

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

2Q FY2018 Group Profitability

The BP Group’s overall gross profit for 2Q FY2018 increased 20% year-on-year to \$18.5 million. Overall gross margin for 2Q FY2018 improved to 37% from 25% in 2Q FY2017, mainly due to productivity improvements and the unlocking of project cost savings.

Total overhead expenses for 2Q FY2018 rose 25% year-on-year to \$7.3 million (selling and distribution expenses of \$1.1 million, and administrative expenses of \$6.2 million), in line with investment in new capabilities under the BP Group’s regional growth strategies and increased professional fees related to recruitment, legal and joint venture investments.

Finance expenses for 2Q FY2018 decreased 26% year-on-year to \$0.5 million following the scheduled repayment of borrowings.

Share of profit of an associated company and joint ventures for 2Q FY2018 was \$0.3 million, turning positive on the BP Group’s share of results from associated company, THAB Development Sdn Bhd (“THAB”) following the completion of THAB’s iBP @ Nusajaya Phase 1, partially offset by the elimination of construction and project management profits attributable to projects in which the BP Group has entered into with an associated company and joint ventures.

Total PBT for 2Q FY2018 was 30% higher year-on-year at \$11.8 million, supported by higher gross profit, share of profit of an associated company and joint ventures, and lower finance expenses, partially offset by higher overhead expenses.

Income tax expense for 2Q FY2018 was 37% higher year-on-year at \$2.3 million, on higher total PBT.

Total profit for 2Q FY2018 grew 28% year-on-year to \$9.5 million, while profit attributable to equity holders of the Company for 2Q FY2018 similarly grew 31% year-on-year to \$9.5 million.

1H FY2018 Group Profitability

The BP Group's overall gross profit for 1H FY2018 increased 14% year-on-year to \$33.1 million. Overall gross margin for 1H FY2018 improved to 35% from 23% in 1H FY2017, mainly due to productivity improvements and the unlocking of project cost savings.

Other income for 1H FY2018 fell 12% year-on-year to \$1.4 million, mainly due to lower interest income.

Total overhead expenses for 1H FY2018 rose 20% year-on-year to \$13.9 million (selling and distribution expenses of \$2.1 million and administrative expenses of \$11.8 million), in line with investment in new capabilities under the BP Group's regional growth strategies and increased professional fees related to recruitment, legal and joint venture investments.

Finance expenses for 1H FY2018 decreased 27% year-on-year to \$0.9 million following the scheduled repayment of borrowings.

Share of loss of an associated company and joint ventures for 1H FY2018 decreased 32% year-on-year to \$0.7 million, mainly due to the elimination of construction and project management profits attributable to projects in which the BP Group has entered into with an associated company and joint ventures, partially offset by the BP Group's share of results from THAB following the completion of THAB's iBP @ Nusajaya Phase 1.

Total PBT for 1H FY2018 was 15% higher year-on-year at \$18.9 million, supported by higher gross profit, lower share of loss of an associated company and joint ventures, and lower finance expenses, partially offset by higher overhead expenses.

Income tax expense for 1H FY2018 was 21% higher year-on-year at \$3.6 million, on higher total PBT.

Total profit for 1H FY2018 grew 14% year-on-year to \$15.3 million, while profit attributable to equity holders of the Company for 1H FY2018 similarly grew 15% year-on-year to \$15.3 million.

Statement of Cash Flows

2Q FY2018 Cash Flows

During 2Q FY2018, cash and cash equivalents (after taking into account the effects of currency translation) decreased by \$12.4 million to \$122.9 million, mainly due to net cash used in investing and financing activities.

Net cash provided by operating activities amounted to \$1.2 million, with \$13.3 million in operating cash flows before changes in working capital, partially offset by a \$9.6 million negative change in working capital. This positive net cash from operating activities arose from good cash flow management of collection from clients and payments to subcontractors and suppliers.

Net cash used in investing activities amounted to \$5.1 million, as additional loans were extended to an associated company and joint ventures.

Net cash used in financing activities amounted to \$8.5 million, following the payment of dividends to shareholders as well as the scheduled repayment of borrowings.

1H FY2018 Cash Flows

During 1H FY2018, cash and cash equivalents (after taking into account the effects of currency translation) increased by \$9.6 million to \$122.9 million, lifted by net cash provided by operating and investing activities, partially offset by net cash used in financing activities.

Net cash provided by operating activities amounted to \$2.8 million, with \$23.4 million in operating cash flows before changes in working capital, partially offset by a \$17.3 million negative change in working capital. This positive net cash from operating activities arose from good cash flow management of collection from clients and payments to subcontractors and suppliers.

Net cash provided by investing activities amounted to \$17.0 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 additional loans extended to an associated company and joint ventures.

Net cash used in financing activities amounted to \$10.2 million, following the payment of dividends to shareholders as well as the scheduled repayment of borrowings.

Balance Sheets

At the end of 1H FY2018, the BP Group's financial position remained healthy with cash and cash equivalents of \$122.9 million and total equity of \$237.0 million.

Under current assets, the BP Group's cash and cash equivalents increased to \$122.9 million as described earlier under the explanation for Statement of Cash Flows. Other receivables and prepayments significantly decreased to \$19.3 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 additional loans extended to an associated company. Net contracts work-in-progress increased to \$12.3 million as a result of an increase in uninvoiced revenue at the end of 1H FY2018.

Under non-current assets, investments in joint ventures edged up to \$34.2 million, with the extension of shareholders' loans to joint ventures for the development of industrial properties for lease. Investment properties declined to \$131.6 million, mainly as a result of depreciation.

Under liabilities, total trade and other payables decreased to \$104.7 million, following payments made during 1H FY2018.

Total borrowings declined to \$86.3 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 74.2 cents at the end of 1H 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 \$36.6 million at the end of 1H 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 2Q FY2018 plus the total value of new orders secured since then) stands at approximately \$175 million, with approximately \$107 million of contracts secured since the start of FY2018.

The BP Group expects the second half of FY2018 to remain challenging. Notwithstanding this, with a healthy balance sheet and strong net cash position, the BP Group will continue to pursue strategies to strengthen 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 Wong Yu Wei, 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 2Q FY2018 financial results to be false or misleading in any material aspect.

15. Confirmation of undertakings from Directors and Executive Officers

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

Wong Yu Wei
Deputy Chairman & Executive Director

BY ORDER OF THE BOARD

Tay Chee Wah
Company Secretary
8 November 2017