

BOUSTEAD PROJECTS



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

**BOUSTEAD PROJECTS LIMITED
AND ITS SUBSIDIARIES**

**SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR 2Q FY2020
ENDED 30 SEPTEMBER 2019**

Corporate Profile

Established in 1996, Boustead Projects Limited (SGX:AVM) is a leading real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of smart eco-sustainable business park and industrial developments for clients including Forbes Fortune 500, S&P 500 and Euronext 100 corporations. To date, we have constructed and developed more than 3,000,000 square metres of 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 Singapore’s Building & Construction Authority (“BCA”) for Grade CW01-A1 and General Builder Class 1 Licence to execute building construction contracts of unlimited value.

Our transformative technologies – Industry 4.0 transformation standards and full-fledged integrated digital delivery – are shaping custom-built future-ready developments. Our in-depth experience covers the aerospace, business park, food, healthcare and pharmaceutical, high-tech manufacturing, logistics, research & development, technology and waste management industries, among others. We are also a leader in pioneering advanced eco-sustainable developments 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 eight bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a company’s workplace safety and health (“WSH”) management programmes. Our WSH efforts have been further recognised with five prestigious WSH Performance Silver Awards and 13 Safety & Health Award Recognition for Projects (SHARP) to date.

On 30 April 2015, Boustead Projects listed on the SGX Mainboard. We were awarded the Singapore Corporate Governance Award in the Newly Listed Category at the Securities Investors Association (Singapore)’s 18th Investors’ Choice Awards 2017. We are also listed on the MSCI World Micro Cap Index and FTSE ST Fledgling Index.

Boustead Projects is a 53%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and 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 2018

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		
		30.9.19 \$'000	30.9.18 (Restated)# \$'000	Inc/(Dcr) %	30.9.19 \$'000	30.9.18 (Restated)# \$'000	Inc/(Dcr) %
Revenue		94,295	55,051	71%	156,707	94,217	66%
Cost of sales**		(81,148)	(40,757)	99%	(131,914)	(67,639)	95%
Gross profit		13,147	14,294	-8%	24,793	26,578	-7%
Other income	1	1,050	1,516	-31%	2,075	2,487	-17%
Other gains – net	2	86	9	NM	62	6,082	-99%
Expenses							
- Selling and distribution*		(795)	(711)	12%	(1,569)	(1,765)	-11%
- Administrative**		(4,879)	(4,705)	4%	(9,140)	(10,256)	-11%
- Finance	3	(1,075)	(501)	115%	(2,158)	(956)	126%
Share of (loss)/profit of associated companies and joint ventures #		(1,034)	53	NM	(1,777)	210	NM
Profit before income tax	4	6,500	9,955	-35%	12,286	22,380	-45%
Income tax expense	5	(1,575)	(1,917)	-18%	(2,658)	(4,305)	-38%
Total profit		4,925	8,038	-39%	9,628	18,075	-47%
Profit attributable to equity holders of the Company		4,925	8,038	-39%	9,628	18,075	-47%

NM – not meaningful

With effect from the financial year ended 31 March 2019, the Group changed its accounting policy for the elimination of unrealised gains and losses on transactions between the Group and its associated companies and joint ventures.

* With effect from 1 April 2019, the Group changed its presentation for payroll-related costs directly attributable to construction projects. Such payroll-related costs, which were previously classified under “administrative expenses” and “selling and distribution expenses”, are now classified under “cost of sales” on the income statement.

^ With effect from 1 April 2019, the Group changed its presentation for land rent expenses. Such land rent expenses, which were previously classified under “administrative expenses” are now classified under “cost of sales” on the income statement, following the adoption of SFRS(I) 16 Leases as explained under Note 5.

For purpose of comparison, the above changes were applied retrospectively to the financial quarter and half-year ended 30 September 2018 with no impact to total profit. The effects of these changes on the comparative financial statements are set out under Note 5.

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		
	30.9.19	30.9.18 (Restated)	Inc/(Dcr)	30.9.19	30.9.18 (Restated)	Inc/(Dcr)
	\$'000	\$'000	%	\$'000	\$'000	%
Total profit	4,925	8,038	-39%	9,628	18,075	-47%
Other comprehensive (loss)/income:						
<u>Items that may be reclassified subsequently to profit or loss</u>						
Cash flow hedges						
- Fair value losses	(25)	-	NM	(33)	-	NM
- Realised and transferred to profit or loss	9	-	NM	9	-	NM
Currency translation differences arising from consolidation	433	(980)	NM	(176)	(546)	-68%
Other comprehensive income/(loss), net of tax	417	(980)	NM	(200)	(546)	-63%
Total comprehensive income	5,342	7,058	-24%	9,428	17,529	-46%
Total comprehensive income attributable to equity holders of the Company	5,342	7,058	-24%	9,428	17,529	-46%

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			GROUP		
	Second quarter ended			Half-year ended		
	30.9.19	30.9.18	Inc/(Dcr)	30.9.19	30.9.18	Inc/(Dcr)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Note 1: Other income</u>						
Interest income	761	1,227	-38%	1,497	1,903	-21%
Sublease income	289	289	0%	578	584	-1%
	1,050	1,516	-31%	2,075	2,487	-17%
<u>Note 2: Other gains – net</u>						
Currency exchange gains – net	86	9	NM	62	192	-68%
Gain on disposal of a property	-	-	NM	-	5,890	NM
	86	9	NM	62	6,082	-99%
<u>Note 3: Finance</u>						
Interest expense on borrowings	(502)	(501)	0%	(1,075)	(956)	12%
Interest expense on lease liabilities	(573)	-	NM	(1,083)	-	NM
	(1,075)	(501)	115%	(2,158)	(956)	126%
<u>Note 4: Profit before income tax is arrived at after charging the following:</u>						
Depreciation expense	(1,867)	(1,633)	14%	(3,565)	(3,295)	8%
Depreciation of rights-of-use assets	(735)	-	NM	(1,387)	-	NM
Employee share-based payment expense	(53)	(131)	-60%	(105)	(262)	-60%
<u>Note 5: Income tax expense</u>						
The provision for income tax expense 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 income 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	
		30.9.19 \$'000	31.3.19 \$'000	30.9.19 \$'000	31.3.19 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		113,508	108,328	84,004	54,947
Properties held for sale		26,608	26,670	-	-
Trade receivables		83,295	48,543	4,104	5,817
Other receivables and prepayments		32,666	40,974	129,782	142,585
Derivative financial assets		-	13	-	-
Contract assets		24,772	69,945	562	420
Rights-of-use assets		9,388	-	-	-
		290,237	294,473	218,452	203,769
Non-current assets					
Trade receivables		7,290	10,759	-	-
Other receivables and prepayments		1,998	2,267	-	-
Investments in associated companies		3,273	-	3,089	-
Investments in joint ventures		48,250	40,673	65,252	59,156
Investments in subsidiaries		-	-	39,620	39,754
Intangible assets		118	121	-	-
Financial assets, at FVOCI		31,426	31,426	31,426	31,426
Investment properties**		179,565	182,118	-	-
Property, plant and equipment		9,899	913	-	-
Rights-of-use assets		23,915	-	-	-
Deferred income tax assets		3,987	3,196	-	-
		309,721	271,473	139,387	130,336
Total assets		599,958	565,946	357,839	334,105
LIABILITIES					
Current liabilities					
Borrowings	1(b)(ii)	35,116	66,519	-	-
Trade and other payables		121,859	100,496	98,989	70,459
Income tax payable		9,064	10,873	1,245	2,136
Derivative financial liabilities		37	30	-	-
Lease liabilities		2,846	-	-	-
Contract liabilities		25,642	18,695	-	-
		194,564	196,613	100,234	72,595
Non-current liabilities					
Borrowings	1(b)(ii)	27,300	79,757	-	-
Trade payables		8,043	4,572	-	-
Lease liabilities		80,934	-	-	-
Deferred income tax liabilities		4,767	3,974	-	-
		121,044	88,303	-	-
Total liabilities		315,608	284,916	100,234	72,595
NET ASSETS		284,350	281,030	257,605	261,510
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		15,000	15,000	15,000	15,000
Treasury shares		(7,477)	(8,244)	(7,477)	(8,244)
Retained profits		267,419	264,004	238,571	242,581
Other reserves		9,408	10,270	11,511	12,173
Total equity	1(d)(i)	284,350	281,030	257,605	261,510

** Includes right-of-use assets of \$50.1 million with the adoption of SFRS (I) 16 Leases from 1 April 2019 as set out under Note 5.

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

Amount repayable within one year or less, or on demand

As at 30.9.19 \$'000		As at 31.3.19 \$'000	
Secured	Unsecured	Secured	Unsecured
35,116	-	66,519	-

Amount repayable after one year

As at 30.9.19 \$'000		As at 31.3.19 \$'000	
Secured	Unsecured	Secured	Unsecured
27,300	-	79,757	-

Total borrowings of \$62,416,000 (31.3.19: \$146,276,000) are secured by 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 30.9.19 \$'000	30.9.18 \$'000	Half-year ended 30.9.19 \$'000	30.9.18 \$'000
Cash flows from operating activities				
Profit before income tax	6,500	9,955	12,286	22,380
Adjustments for:				
Amortisation of intangible assets	1	-	3	-
Depreciation of rights-of-use assets	735	-	1,387	-
Depreciation expense	1,867	1,633	3,565	3,295
Share of loss/(profit) of associated companies and joint ventures	1,034	(53)	1,777	(210)
Elimination of share of unrealised construction and project management margins	3,112	2,338	4,440	4,092
Employee share-based compensation expense	53	131	105	262
Finance expenses	1,075	501	2,158	956
Interest income	(761)	(1,227)	(1,497)	(1,903)
Gain on disposal of a property	-	-	-	(5,890)
Currency exchange gains – net	(86)	(9)	(62)	(192)
	13,530	13,269	24,162	22,790
Change in working capital:				
- Trade and other receivables	(27,357)	1,713	(36,474)	9,186
- Contract assets and liabilities – net	(7,000)	(11,940)	52,119	(6,149)
- Trade and other payables	28,765	5,356	24,384	(4,657)
Cash generated from operations	7,938	8,398	64,191	21,170
Interest received	761	1,227	1,497	1,903
Interest paid	(502)	(501)	(1,075)	(956)
Income tax paid	(4,142)	(4,903)	(4,464)	(5,010)
Net cash provided by operating activities	4,055	4,221	60,149	17,107

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 30.9.19 \$'000	30.9.18 \$'000	Half-year ended 30.9.19 \$'000	30.9.18 \$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,543)	(74)	(4,553)	(105)
Government grant received	-	92	-	92
Additions to intangible assets	-	-	-	(125)
Additions to investment property	(1,353)	(287)	(5,663)	(1,079)
Proceeds from disposal of a property	-	-	-	10,395
Proceeds from disposal of a subsidiary	8,202	-	8,202	-
Loan to an associated company	-	(669)	-	(1,675)
Loans to joint ventures	(2,385)	(4,974)	(6,096)	(7,435)
Dividends received from joint ventures	1,100	-	1,100	-
Net cash provided by/(used in) investing activities	2,021	(5,912)	(7,010)	68
Cash flows from financing activities				
Repayment of borrowings	(1,274)	(1,030)	(39,654)	(2,304)
Proceeds from borrowings	-	10,644	-	10,644
Payment on lease liabilities	(1,006)	-	(1,961)	-
Dividends paid to equity holders of the Company	(6,213)	(4,640)	(6,213)	(4,640)
Net cash (used in)/provide by financing activities	(8,493)	4,974	(47,828)	3,700
Net (decrease)/increase in cash and cash equivalents	(2,417)	3,283	5,311	20,875
Cash and cash equivalents				
Beginning of financial period	115,792	129,026	108,328	111,386
Effects of currency translation on cash and cash equivalents	133	(222)	(131)	(174)
End of financial period	113,508	132,087	113,508	132,087

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-----)										Total \$'000
	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Merger reserve \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Hedge reserve \$'000	Subtotal \$'000	
GROUP											
Balance at 1 April 2019	15,000	(8,244)	264,004	(2,854)	30	1,236	968	10,907	(17)	10,270	281,030
Profit for the period	-	-	4,703	-	-	-	-	-	-	-	4,703
Other comprehensive loss for the period	-	-	-	-	-	-	(609)	-	(8)	(617)	(617)
Total comprehensive income/(loss) for the period	-	-	4,703	-	-	-	(609)	-	(8)	(617)	4,086
Employee share-based compensation											
- Value of employee services	-	-	-	-	-	52	-	-	-	52	52
- Treasury shares re-issued	-	767	-	-	23	(790)	-	-	-	(767)	-
Balance at 30 June 2019	15,000	(7,477)	268,707	(2,854)	53	498	359	10,907	(25)	8,938	285,168
Profit for the period	-	-	4,925	-	-	-	-	-	-	-	4,925
Other comprehensive loss for the period	-	-	-	-	-	-	433	-	(16)	417	417
Total comprehensive income/(loss) for the period	-	-	4,925	-	-	-	433	-	(16)	417	5,342
Employee share-based compensation											
- Value of employee services	-	-	-	-	-	53	-	-	-	53	53
Dividends	-	-	(6,213)	-	-	-	-	-	-	-	(6,213)
Balance at 30 September 2019	15,000	(7,477)	267,419	(2,854)	53	551	792	10,907	(41)	9,408	284,350

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 (cont'd).

	(-----Other reserves-----)									
	Share capital \$'000	Treasury shares \$'000	Retained profits \$'000	Merger reserve \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Subtotal \$'000	Total \$'000
GROUP										
Balance at 1 April 2018	15,000	(8,885)	238,066	(2,854)	2	1,367	1,405	10,676	10,596	254,777
Profit for the period	-	-	10,037	-	-	-	-	-	-	10,037
Other comprehensive income for the period	-	-	-	-	-	-	434	-	434	434
Total comprehensive income for the period	-	-	10,037	-	-	-	434	-	434	10,471
Employee share-based compensation										
- Value of employee services	-	-	-	-	-	131	-	-	131	131
- Treasury shares re-issued	-	346	-	-	8	(354)	-	-	(346)	-
Balance at 30 June 2018	15,000	(8,539)	248,103	(2,854)	10	1,144	1,839	10,676	10,815	265,379
Profit for the period	-	-	8,038	-	-	-	-	-	-	8,038
Other comprehensive loss for the period	-	-	-	-	-	-	(980)	-	(980)	(980)
Total comprehensive income/(loss) for the period	-	-	8,038	-	-	-	(980)	-	(980)	7,058
Employee share-based compensation										
- Value of employee services	-	-	-	-	-	131	-	-	131	131
- Treasury shares re-issued	-	295	-	-	43	(338)	-	-	(295)	-
Dividends	-	-	(4,640)	-	-	-	-	-	-	(4,640)
Balance at 30 September 2018	15,000	(8,244)	251,501	(2,854)	53	937	859	10,676	9,671	267,928

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 (cont'd).

	(-----Other reserves-----)							Retained profits \$'000	Total \$'000
	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Fair value reserve \$'000	Subtotal \$'000			
COMPANY									
Balance at 1 April 2019	15,000	(8,244)	30	1,236	10,907	12,173	242,581	261,510	
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	536	536	
Employee share-based compensation	-	-	-	52	-	52	-	52	
- Value of employee services	-	-	-	52	-	52	-	52	
- Treasury shares re-issued	-	767	23	(790)	-	(767)	-	-	
Balance at 30 June 2019	15,000	(7,477)	53	498	10,907	11,458	243,117	262,098	
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	1,667	1,667	
Employee share-based compensation	-	-	-	53	-	53	-	53	
- Value of employee services	-	-	-	53	-	53	-	53	
Dividends	-	-	-	-	-	-	(6,213)	(6,213)	
Balance at 30 September 2019	15,000	(7,477)	53	551	10,907	11,511	238,571	257,605	

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 (cont'd).

	(-----Other reserves-----)							Retained profits \$'000	Total \$'000
	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Fair value reserve \$'000	Subtotal \$'000			
COMPANY									
Balance at 1 April 2018	15,000	(8,885)	2	1,367	10,676	12,045	229,818	247,978	
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	1,360	1,360	
Employee share-based compensation									
- Value of employee services	-	-	-	131	-	131	-	131	
- Treasury shares re-issued	-	346	8	(354)	-	(346)	-	-	
Balance at 30 June 2018	15,000	(8,539)	10	1,144	10,676	11,830	231,178	249,469	
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	10,841	10,841	
Employee share-based compensation									
- Value of employee services	-	-	-	131	-	131	-	131	
- Treasury shares re-issued	-	295	43	(338)	-	(295)	-	-	
Dividends	-	-	-	-	-	-	(4,640)	(4,640)	
Balance at 30 September 2018	15,000	(8,244)	53	937	10,676	11,666	237,379	255,801	

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, there was no change to the issued and paid-up capital of the Company (excluding treasury shares) of 310,654,341 ordinary shares. As at 30 September 2019, there were a total of 9,345,659 (30.9.18: 10,293,013) 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 30.9.19	As at 31.3.19
Total number of issued shares (excluding treasury shares)	310,654,341	309,706,987

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.

Except as disclosed in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 March 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.

a. Accounting for elimination of unrealised gains and losses on transactions between the Group and its associated company and joint ventures

With effect from the financial year ended 31 March 2019, the Group changed its accounting policy with respect to the elimination of unrealised gains and losses on transactions between the Group and its associated companies and joint ventures. The elimination of unrealised gains and losses are made through a proportionate reduction in "revenue" and "cost of sales" on the income statement, with no impact to total profit. This change provides a straightforward approach to comprehending the Group's actual share of profit/loss of associated companies and joint ventures, and is also aligned with general industry practice.

b. Presentation for payroll-related cost directly attributable to construction projects

With effect from 1 April 2019, the Group changed its presentation for payroll-related costs directly attributable to construction projects. Such payroll-related costs, which were previously classified under “administrative expenses” and “selling and distribution expenses”, are now classified under “cost of sales” on the income statement. This change is intended to provide a more accurate reflection of the Group’s projects’ gross margin and is not expected to impact the total profit.

c. Presentation for land rent expense from leasehold properties

With effect from 1 April 2019, the Group changed its presentation for land rent expenses. Such land rent expenses, which were previously classified under “administrative expenses” and are now classified under “cost of sales” on the income statement. This change is intended to provide a better comparison against 1H FY2020 where such land rent expenses are represented as depreciation on the right-of-use (“ROU”) assets as part of “cost of sales” and interest expense on lease liabilities as part of “finance expense”, in line with the adoption of SFRS(I) 16 *Leases* as explained on the following page and is not expected to impact the total profit.

For purpose of comparison, the above changes were applied retrospectively to the financial quarter and half-year ended 30 September 2018, with their effects on the Group’s financial statements respectively set out as follows:

Income Statement

	GROUP		Net impact of restatement
	Second quarter ended 30.9.18 (Restated) \$'000	30.9.18 \$'000	
Revenue	55,051	60,552	(5,501)
Cost of sales	(40,757)	(41,067)	310
Expenses			
- Selling and distribution	(711)	(1,324)	613
- Administrative	(4,705)	(6,945)	2,240
Share of profit/(loss) of associated companies and joint ventures	53	(2,285)	2,338
Total profit	8,038	8,038	No impact

	GROUP		Net impact of restatement
	Half-year ended 30.9.18 (Restated) \$'000	30.9.18 \$'000	
Revenue	94,217	109,303	(15,086)
Cost of sales	(67,639)	(74,126)	6,487
Expenses			
- Selling and distribution	(1,765)	(2,589)	824
- Administrative	(10,256)	(13,939)	3,683
Share of profit/(loss) of associated companies and joint ventures	210	(3,882)	4,092
Total profit	18,075	18,075	No impact

The Group has adopted new/revised SFRS(I) that are effective for the financial periods beginning on or after 1 April 2019.

SFRS(I) 16 Leases

SFRS(I) 16 *Leases* introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

The Group has applied the simplified transition approach and will not restate comparative amounts for the year ended 31 March 2019.

On the date of initial adoption, ROU assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to leases recognised in the balance sheet as at 31 March 2019.

Lease liabilities are measured at the present value of future lease payments. The lease payments are discounted using the incremental borrowing rate.

ROU assets relating to investment properties are presented in the balance sheet as investment properties and ROU assets relating to properties held for sale and other operating leases are presented in the balance sheet as rights-of-use assets.

Subsequent to initial recognition, ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any. The carrying amount for lease liabilities subsequent to initial recognition would be reduced by lease payments.

Prior to adoption for SFRS(I) 16 *Leases*, lease payments relating to land rent expense were presented as administrative expenses. However, with the adoption of SFRS(I) 16 *Leases*, such lease payments are now presented on the income statement as interest expense on lease liabilities as part of “finance expense” and depreciation on the ROU assets as part of “cost of sales”.

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 30.9.19	30.9.18	Half-year ended 30.9.19	30.9.18
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 (¢)	1.6	2.6	3.1	5.8
(ii) On a fully diluted basis (¢)	1.6	2.6	3.1	5.8
Weighted average number of ordinary shares in issue:				
Basic	310,654,341	309,446,172	310,654,341	309,380,969
Fully diluted basis	311,495,072	311,495,072	311,495,072	311,495,072

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	
	30.9.19	31.3.19	30.9.19	31.3.19
Net asset value per ordinary share based on issued shares (excluding treasury shares) as at the end of the period reported on (\$)	0.915	0.907	0.829	0.844
Number of issued shares (excluding treasury shares) as at the end of the period reported on	310,654,341	309,706,987	310,654,341	309,706,987

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 performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

For 2Q FY2020, total revenue was 71% higher year-on-year at \$94.3 million, with higher revenue contributions from both the design-and-build and real estate businesses. However, total profit was 39% lower year-on-year at \$4.9 million, mainly due to lower margins from current projects, a lower quantum of cost savings from previously completed projects, depreciation incurred on ALICE@Mediapolis where leasing income is still under stabilisation, higher finance expenses and lower interest income. The higher finance expenses were mainly due to interest incurred on lease liabilities resulting from the adoption of SFRS(I) 16 *Leases*, while the lower interest income was due to the completion of a sizeable project under a deferred payment arrangement.

For 1H FY2020, total revenue was 66% higher year-on-year at \$156.7 million, with higher revenue contributions from both the design-and-build and real estate businesses. However, total profit was 47% lower year-on-year at \$9.6 million, mainly due to the absence of one-off gains associated with the sale of 25 Changi North Rise in FY2019. After adjusting for the after-tax gain and expenses associated with the sale of 25 Changi North Rise, total profit would be 27% lower year-on-year, mainly due to the same reasons mentioned for 2Q FY2020.

Segment Revenue

Segment	Revenue			Favourable/ (Unfavourable)		
	2Q FY2020	2Q FY2019	Change	1H FY2020	1H FY2019	Change
	\$'m	\$'m	%	\$'m	\$'m	%
Design-and-Build	86.1	47.8	+80	140.5	79.6	+77
Real Estate	8.2	7.3	+12	16.2	14.6	+11
BP Group Total	94.3	55.1	+71	156.7	94.2	+66

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

2Q FY2020 Segment Revenue

Design-and-build revenue for 2Q FY2020 was 80% higher year-on-year at \$86.1 million, supported by the healthy order book backlog carried forward at the end of FY2019.

Real estate revenue for 2Q FY2020 was 12% higher year-on-year at \$8.2 million, mainly due to the commencement of leasing revenue from 85 Tuas South Avenue 1 and increased management fees from the Boustead Development Partnership.

1H FY2020 Segment Revenue

Due to the same reasons mentioned for 2Q FY2020, design-and-build revenue for 1H FY2020 was 77% higher year-on-year at \$140.5 million, while real estate revenue for 1H FY2020 was 11% higher year-on-year at \$16.2 million.

Group Profitability

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

Segment	PBT			Favourable/ (Unfavourable)		
	2Q FY2020	2Q FY2019	Change	1H FY2020	1H FY2019	Change
	\$'m	\$'m	%	\$'m	\$'m	%
Design-and-Build	4.7	7.8	-40	8.5	12.2	-30
Real Estate	1.7	2.2	-23	3.8	4.3	-12
Sale of Building	-	-	NM	-	*5.9	NM
BP Group Total	6.5	10.0	-35	12.3	22.4	-45

Note: Any differences in summation are due to rounding differences.
 NM – not meaningful
 *Gain attributable to sale of 25 Changi North Rise, net of fees.

2Q FY2020 Group Profitability

The BP Group's overall gross profit for 2Q FY2020 decreased 8% year-on-year to \$13.1 million, as a result of the decline in overall gross margin to 14% in 2Q FY2020 as compared to 26% in 2Q FY2019. The decrease in overall gross margin is mainly attributable to lower margins on current projects and a lower quantum of cost savings from previously completed projects.

Other income for 2Q FY2020 decreased 31% year-on-year to \$1.0 million on the back of lower interest income due to the completion of a sizeable project under a deferred payment arrangement.

Total overhead expenses for 2Q FY2020 rose 5% year-on-year to \$5.7 million (selling and distribution expenses of \$0.8 million and administrative expenses of \$4.9 million), mainly due to the leasing of additional office space as part of the BP Group's expansion.

Finance expenses for 2Q FY2020 climbed 115% year-on-year to \$1.1 million, mainly due to the adoption of SFRS(l) 16 *Leases*, which resulted in interest incurred on lease liabilities amounting to \$0.6 million.

Share of loss of associated companies and joint ventures for 2Q FY2020 was \$1.0 million, mainly due to depreciation and interest expenses incurred on ALICE@Mediapolis where leasing income is still under stabilisation.

PBT for 2Q FY2020 decreased 35% year-on-year to \$6.5 million due to the reasons mentioned earlier.

In line with the lower PBT, income tax expense for 2Q FY2020 declined 18% year-on-year to \$1.6 million.

Total profit and profit attributable to equity holders of the Company decreased 39% year-on-year to \$4.9 million.

1H FY2020 Group Profitability

The BP Group's overall gross profit for 1H FY2020 decreased 7% year-on-year to \$24.8 million, as a result of the decline in overall gross margin to 16% in 1H FY2020 as compared to 28% in 1H FY2019. The decrease in overall gross margin is mainly attributable to lower margins on current projects and lower quantum of cost savings from previously completed projects.

Other income for 1H FY2020 decreased 17% year-on-year to \$2.1 million on the back of lower interest income due to the completion of a sizeable project under a deferred payment arrangement.

Negligible other gains were registered for 1H FY2020, a significant decrease from 1H FY2019 mainly due to the sale of 25 Changi North Rise.

Total overhead expenses for 1H FY2020 fell 11% year-on-year to \$10.7 million (selling and distribution expenses of \$1.6 million and administrative expenses of \$9.1 million), mainly due to the capitalisation of payroll costs associated with joint venture projects and lower remuneration costs, partially offset by higher expense due to the leasing of additional office space as part of the BP Group's expansion.

Finance expenses for 1H FY2020 climbed 126% year-on-year to \$2.2 million, mainly due to the adoption of SFRS(l) 16 *Leases*, which resulted in interest incurred on lease liabilities amounting to \$1.1 million.

Share of loss of an associated company and joint ventures for 1H FY2020 was \$1.8 million, mainly driven by the same reasons mentioned for 2Q FY2020.

PBT for 1H FY2020 decreased 45% year-on-year to \$12.3 million due to the reasons mentioned earlier.

In line with the lower PBT, income tax expense for 1H FY2020 was 38% lower year-on-year at \$2.7 million.

Total profit and profit attributable to equity holders of the Company decreased 47% year-on-year to \$9.6 million.

Statement of Cash Flows

2Q FY2020 Cash Flows

During 2Q FY2020, cash and cash equivalents (after taking into account the effects of currency translation) decreased by \$2.3 million to \$113.5 million, mainly due to net cash used in financing activities, partially offset by net cash provided by operating and investing activities.

Net cash provided by operating activities amounted to \$4.1 million, with \$13.5 million in operating cash flows before changes in working capital, partially offset by a \$5.6 million negative change in working capital. This overall positive net cash from operating activities arose from higher cash collected from clients against payments made to subcontractors and suppliers.

Net cash provided by investing activities amounted to \$2.0 million, mainly due to proceeds from disposal of a subsidiary and dividends received from joint ventures, partially offset by the purchase of heavy-duty tower cranes under property, plant and equipment (“PPE”), additional loans extended to joint ventures and additions to investment properties. The disposal of a subsidiary – CP-SH1 Pte Ltd – was undertaken by the BP Group in July 2019 as part of its syndication of 49% of the economic interest in its Braddell Road development to a South Korean capital partner.

Net cash used in financing activities amounted to \$8.5 million, due to the payment of dividends to shareholders, scheduled repayment of borrowings and the payment on lease liabilities.

1H FY2020 Cash Flows

During 1H FY2020, cash and cash equivalents (after taking into account the effects of currency translation) increased by \$5.2 million to \$113.5 million, mainly due to net cash provided by operating activities, partially offset by net cash used in investing and financing activities.

Net cash provided by operating activities amounted to \$60.1 million, with \$24.2 million in operating cash flows before changes in working capital and a \$40.0 million positive change in working capital. In particular, the significant cash inflow was driven by a lump-sum collection following the completion of the sizeable project under a deferred payment arrangement.

Net cash used by investing activities for 1H FY2020 amounted to \$7.0 million, mainly due to the same reasons mentioned for 2Q FY2020.

Net cash used in financing activities for 1H FY2020 amounted to \$47.8 million, due to the repayment of borrowings in relation to the financing of the sizeable project under the deferred payment arrangement, payment of dividends to shareholders and payment on lease liabilities.

Balance Sheets

At the end of 1H FY2020, the BP Group’s financial position remained healthy with cash and cash equivalents of \$113.5 million and total equity of \$284.4 million.

Under assets, the BP Group’s cash and cash equivalents increased to \$113.5 million as earlier explained under the Statement of Cash Flows. Total trade receivables (both current and non-current) increased to \$90.6 million mainly due to increased volume of work performed and increased progress billings made to clients, partially offset by collection of prior year outstanding trade receivables. Total other receivables and prepayments (both current and non-current) decreased to \$34.7 million, mainly due to capitalisation of deposits paid for property, plant and equipment and investment in an associated company. Net contract liabilities of \$0.9 million at the end of 1H FY2020 as compared to net contract assets of \$51.3 million at the end of FY2019 were mainly due to the billing of the sizeable project under a deferred payment arrangement. In line with the adoption of SFRS(I) 16 Leases, rights-of-use assets of \$9.4 million was recognised mainly for operating leases related to properties held for sale.

Under non-current assets, investments in associated companies rose to \$3.3 million, mainly due to the completion of the BP Group’s strategic investment in a 25% shareholding of DSCO. Investments in joint ventures increased to \$48.3 million with the extension of shareholders’ loans to joint ventures for the development of industrial properties for lease, partially offset by the elimination of construction

and project management profits attributable to projects in which the BP Group has entered into with joint ventures. Property, plant and equipment increased to \$9.9 million following the purchase of heavy-duty construction cranes. As mentioned earlier under Statement of Cash Flows, the BP Group has syndicated 49% of the economic interest in its Braddell Road development to a South Korean capital partner, following which the development has been reclassified from a wholly-owned investment property to a joint venture development. Investment properties decreased to \$179.6 million mainly due to the reclassification of the Braddell Road development, partially offset by the recognition of ROU assets of \$50.1 million relating to operating leases associated with the BP Group's investment properties following the adoption of SFRS(I) 16 Leases, as well as capitalised costs from the ongoing development of the BP Group's Boustead Industrial Park in Vietnam. In line with the adoption of SFRS(I) 16 Leases, rights-of-use assets of \$33.3 million were also separately recognised mainly for operating leases related to rental lease commitments.

Under liabilities, trade and other payables (both current and non-current) climbed to \$129.9 million mainly due to the increased volume of work performed and increased billings from vendors. Borrowings (both current and non-current) significantly declined to \$62.4 million, mainly due to the deconsolidation of a subsidiary arising from the syndication of 49% of the economic interest in the Braddell Road development to the BP Group's South Korean capital partner, and repayment of borrowings in relation to the financing of the sizeable project under a deferred payment arrangement. Lease liabilities (both current and non-current) of \$83.8 million associated with the Group's existing operating leases were recognised following the adoption of SFRS(I) 16 Leases.

The BP Group's net asset value per share climbed to 91.5 cents at the end of 1H FY2020 from 90.7 cents at the end of FY2019, while the BP Group returned to a net cash position (cash and cash equivalents less total borrowings) of \$51.1 million following the deconsolidation of a subsidiary and collection and loan repayment for the sizeable project under a deferred payment arrangement.

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 FY2020 plus the total value of new orders secured since then) stands at a healthy \$580 million. Notwithstanding the general pickup in both public and private sector construction activities in Singapore, competition remains intense and margins continue to be pressured.

During 2Q FY2020, the BP Group completed additions and alterations works for its 85 Tuas South Avenue 1 wholly-owned property, as well as the construction of Amcor's integrated production and logistics facility under the Boustead Development Partnership ("BDP"), both of which have started contributing rental income. During the quarter, the BP Group also continued to make good progress in increasing the occupancy of ALICE@Mediapolis and in its overseas expansion, in particular Vietnam. Shortly after the quarter, the BDP also advanced on a proposed acquisition of a sizeable Singapore industrial property at 6 Tampines Industrial Avenue 5.

On the strategic partnerships front, the BP Group entered into a regional collaboration with Getronics which is intended to enable the BP Group to deliver next generation smart industrial buildings by leveraging on Getronics' technologies and is expected to augment the BP Group's integrated suite of innovative, transformative real estate solutions addressing the entire lifecycle of industrial buildings.

As one of the leading progressive companies in the implementation of transformative technologies in the industrial real estate sector, the BP Group will continue to invest in leading technology and productivity solutions to augment its activities. The BP Group also continues to explore various opportunities to form new strategic platforms that widen its competitive offerings and enable long-term quality and sustainable business growth. Backed by a strong order book backlog and healthy financial position, the BP Group has formed a stable position from which it can pursue opportunities in M&A and growth initiatives across the region.

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 as it is not a practice for the Company to declare quarterly dividends.

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 FY2020 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 of 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
13 November 2019