BOUSTEAD PROJECTS

BOUSTEAD PROJECTS LIMITED

AND ITS SUBSIDIARIES

SGXNET ANNOUNCEMENT

UNAUDITED RESULTS FOR 1Q FY2020

ENDED 30 JUNE 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 seven 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 SHARP Awards 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.

Unaudited Financial Statements and Related Announcement for the First Quarter Ended 30 June 2019

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 First quarter ended 30.6.19 $'000	30.6.18 (Restated)# $'000	Inc/(Dcr) %
Revenue		62,412	39,166	59%
Cost of sales*^		(50,766)	(26,882)	89%
Gross profit		11,646	12,284	-5%
Other income	1	1,025	971	6%
Other (losses)/gains – net	2	(24)	6,073	NM
Expenses				
- Selling and distribution*		(774)	(1,054)	-27%
- Administrative*^		(4,261)	(5,551)	-23%
- Finance	3	(1,083)	(455)	138%
Share of (loss)/profit of associated companies and joint ventures #		(743)	157	NM
Profit before income tax	4	5,786	12,425	-53%
Income tax expense	5	(1,083)	(2,388)	-55%
Total profit		4,703	10,037	-53%
Profit attributable to equity holders of the Company		4,703	10,037	-53%

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 company 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 in 1Q FY2019. Such land rent expenses, which were previously classified under “administrative expenses” are now classified under “cost of sales” on the income statement for 1Q FY2019, 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 period ended 30 June 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 First quarter ended		
	30.6.19	**30.6.18 (Restated)**	Inc/(Dcr)
	$'000	**$'000**	%
Total profit	4,703	10,037	-53%
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
- Fair value losses	(8)	-	NM
Currency translation differences arising from Consolidation	(609)	434	NM
Other comprehensive (loss)/income, net of tax	(617)	434	NM
Total comprehensive income	4,086	10,471	-61%
Total comprehensive income attributable to equity holders of the Company	4,086	10,471	-61%

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		
	30.6.19	30.6.18 (Restated)	Inc/(Dcr)
	$'000	$'000	%
Note 1: Other income			
Interest income	736	676	9%
Sublease income	289	295	-2%
	1,025	971	6%
Note 2: Other (losses)/gains – net			
Currency exchange (losses)/gains – net	(24)	183	NM
Gain on disposal of a property	-	5,890	NM
	(24)	6,073	NM
Note 3: Finance			
Interest expense on borrowings	(573)	(455)	26%
Interest expense on lease liabilities	(510)	-	NM
	(1,083)	(455)	138%
Note 4: Profit before income tax is arrived at after charging the following:			
Depreciation expense	(1,698)	(1,662)	2%
Depreciation of rights-of-use assets	(652)	-	NM
Employee share-based payment expense	(52)	(131)	-60%

Note 5: Income tax expense

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

		GROUP		COMPANY	
	Note	**30.6.19 $'000**	**31.3.19 $'000**	**30.6.19 $'000**	**31.3.19 $'000**
ASSETS					
Current assets					
Cash and cash equivalents		115,792	108,328	91,134	54,947
Properties held for sale		26,635	26,670	-	-
Trade receivables		59,028	48,543	4,899	5,817
Other receivables and prepayments		34,742	40,974	139,367	142,585
Derivative financial assets		10	13	-	-
Contract assets		6,903	69,945	442	420
		243,110	294,473	235,842	203,769
Non-current assets					
Trade receivables		11,072	10,759	-	-
Other receivables and prepayments		2,153	2,267	-	-
Investment in associated companies		1,728	-	3,089	-
Investments in joint ventures		42,444	40,673	62,867	59,156
Investments in subsidiaries		-	-	39,351	39,754
Intangible assets		119	121	-	-
Financial assets, at FVOCI		31,426	31,426	31,426	31,426
Investment properties**		233,910	182,118	-	-
Property, plant and equipment		3,180	913	-	-
Rights-of-use assets		31,785	-	-	-
Deferred income tax assets		3,504	3,196	-	-
		361,321	271,473	136,733	130,336
Total assets		604,431	565,946	372,575	334,105
LIABILITIES					
Current liabilities					
Borrowings	1(b)(ii)	28,868	66,519	-	-
Trade and other payables		93,495	100,496	108,485	70,459
Income tax payable		11,539	10,873	1,992	2,136
Derivative financial liabilities		39	30	-	-
Lease liabilities		2,109	-	-	-
Contract liabilities		14,773	18,695	-	-
		150,823	196,613	110,477	72,595
Non-current liabilities					
Borrowings	1(b)(ii)	79,028	79,757	-	-
Trade payables		5,958	4,572	-	-
Lease liabilities		79,078	-	-	-
Deferred income tax liabilities		4,376	3,974	-	-
		168,440	88,303	-	-
Total liabilities		319,263	284,916	110,477	72,595
NET ASSETS		285,168	281,030	262,098	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		268,707	264,004	243,117	242,581
Other reserves		8,938	10,270	11,458	12,173
Total equity	1(d)(i)	285,168	281,030	262,098	261,510

** Includes right-of-use assets of $49.1 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 30.6.19 $'000		As at 31.3.19 $'000	
Secured	Unsecured	Secured	Unsecured
28,868	-	66,519	-

Amount repayable after one year

As at 30.6.19 $'000		As at 31.3.19 $'000	
Secured	Unsecured	Secured	Unsecured
79,028	-	79,757	-

Total borrowings of $107,896,000 (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 First quarter ended 30.6.19 $'000	GROUP First quarter ended 30.6.18 $'000
Cash flows from operating activities		
Profit before income tax	5,786	12,425
Adjustments for:		
Amortisation of intangible asset	2	-
Depreciation of rights-of-use assets	652	-
Depreciation expense	1,698	1,662
Share of loss/(profit) of associated companies and joint ventures	743	(157)
Elimination of share of unrealised construction and project management margins	1,328	1,754
Employee share-based compensation expense	52	131
Interest income	(736)	(676)
Finance expenses	1,083	455
Gain on disposal of a property	-	(5,890)
Currency exchange gains/(losses) – net	24	(183)
	10,632	9,521
Change in working capital:		
- Trade and other receivables	(9,117)	7,473
- Contract assets and liabilities – net	59,119	5,791
- Trade and other payables	(4,381)	(10,118)
Cash generated from operations	56,253	12,667
Interest received	736	676
Interest paid	(573)	(455)
Income tax paid	(322)	(107)
Net cash provided by operating activities	56,094	12,781

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	
	30.6.19	**30.6.18**
	$'000	**$'000**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,010)	(31)
Additions to intangible asset	-	(125)
Additions to investment property	(4,310)	(792)
Proceeds from disposal of a property held for sale	-	10,500
Loan to an associated company	-	(1,006)
Loans to joint ventures	(3,711)	(2,461)
Net cash (used in)/provided by investing activities	(9,031)	6,085
Cash flows from financing activities		
Repayment of borrowings	(38,380)	(1,274)
Payment on lease liabilities	(955)	-
Net cash used in financing activities	(39,335)	(1,274)
Net increase in cash and cash equivalents	7,728	17,592
Cash and cash equivalents		
Beginning of financial period	108,328	111,386
Effect of currency translation on cash and cash equivalents	(264)	48
End of financial period	115,792	129,026

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.

	Share capital $'000	Treasury shares $'000	Retained profits $'000	(------Other reserves------) 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	Total $'000
GROUP											
1Q FY2020											
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

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										
1Q FY2019										
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

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

			(------Other reserves------)					
	Share capital $'000	**Treasury shares $'000**	**Capital Reserve $'000**	**Share-based compensation reserve $'000**	**Fair value reserve $'000**	**Subtotal $'000**	**Retained profits $'000**	**Total $'000**
COMPANY								
1Q FY2020								
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 - 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
COMPANY								
1Q FY2019								
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

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) increased from 309,706,987 ordinary shares to 310,654,341 ordinary shares. This resulted from the transfer of 947,354 treasury shares pursuant to the Boustead Projects Restricted Share Plan 2016. As at 30 June 2019, there were a total of 9,345,659 (30.06.18: 10,684,235) 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 30.6.19	**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.

On 12 April 2019, 947,354 treasury shares were transferred pursuant to the Boustead Projects Restricted Share Plan 2016.

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 company 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 cost 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 in 1Q FY2019. 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 1Q FY2020 where such land rent expenses are represented as depreciation on the right of use 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 below and is not expected to impact the total profit.

For purpose of comparison, the above changes were applied retrospectively to the financial period ended 30 June 2018, with their effects on the Group's financial statements set out as follows:

Income Statement

	GROUP First quarter ended 30.6.18 (Restated) $'000	 30.6.18 $'000	Net impact of restatement
Revenue	39,166	48,751	(9,585)
Cost of sales	(26,882)	(33,059)	6,177
Expenses			
- Selling and distribution	(1,054)	(1,265)	211
- Administrative	(5,551)	(6,994)	1,443
Share of profit/(loss) of an associated company and joint ventures	157	(1,597)	1,754
Total profit	10,037	10,037	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 Right-of-use ("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 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, lease payments relating to land rent expense were presented as administrative expenses. However, with the adoption of SFRS (1) 16, such lease payments were represented on the income statement as interest expense on lease liabilities as part of “finance expense” and depreciation on the right of use 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 First quarter ended 30.6.19	** 30.6.18**
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 (¢)	1.5	3.2
(ii) On a fully diluted basis (¢)	1.5	3.2
Weighted average number of ordinary shares in issue:		
Basic	310,654,341	309,315,765
Fully diluted basis	311,495,072	311,471,818

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	
	30.6.19	**31.3.19**	**30.6.19**	**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 ($)	0.918	0.907	0.844	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 1Q FY2020, total revenue was 59% higher year-on-year at $62.4 million, with higher revenue contributions from both the design-and-build and real estate businesses. However, total profit was 53% lower year-on-year at $4.7 million, mainly due to the absence of one-off gains associated with the sale of 25 Changi North Rise in FY2019. Profit for 1Q FY2020 was also affected by lower margins from current projects and a lower quantum of cost savings from previously completed projects. After adjusting for the after-tax gain and expenses associated with the sale of 25 Changi North Rise, total profit for 1Q FY2020 would be 8% lower year-on-year.

Segment Revenue

Segment	**Revenue First quarter ended 30.6.19**	**30.6.18 (Restated)**	**Favourable/ (Unfavourable) Change**
	$'m	**$'m**	**%**
Design-and-Build	54.4	31.9	+71
Real Estate	8.0	7.3	+10
BP Group Total	62.4	39.2	+59

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

Design-and-build revenue for 1Q FY2020 was 71% higher year-on-year at $54.4 million, supported by the healthy order book backlog carried forward at the end of FY2019.

Real estate revenue for 1Q FY2020 was 10% higher year-on-year at $8.0 million, mainly due to increased management fees from the Boustead Development Partnership.

Group Profitability

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

Segment	PBT First quarter ended 30.6.19	30.6.18	Favourable/ (Unfavourable) Change
	$'m	$'m	%
Design-and-Build	3.7	4.4	-16
Real Estate	2.1	2.2	-5
Sale of Building	-	*5.9	NM
BP Group Total	5.8	12.4	-53

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

The BP Group's overall gross profit for 1Q FY2020 decreased 5% year-on-year to $11.6 million, as a result of the decline in overall gross margin to 19% in 1Q FY2020 as compared to 31% in 1Q 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.

Negligible other losses were registered for 1Q FY2020, a reversal from significant other gains in 1Q FY2019 which was mainly due to the sale of 25 Changi North Rise.

Total overhead expenses for 1Q FY2020 fell 24% year-on-year to $5.0 million (selling and distribution expenses of $0.8 million and administrative expenses of $4.2 million), mainly due to the capitalisation of payroll costs arising from joint venture projects, lower remuneration costs and professional fees.

Finance expenses for 1Q FY2020 climbed 138% year-on-year to $1.1 million mainly due to the adoption of SFRS(I) 16 *Leases*, which resulted in interest incurred on lease liabilities amounting to $0.5 million.

Share of loss of associated companies and joint ventures for 1Q FY2020 was $0.7 million, mainly due to depreciation and interest expenses incurred on ALICE@Mediapolis where leasing income is still in the process of stabilisation.

PBT for 1Q FY2020 decreased 53% year-on-year to $5.8 million due to reasons mentioned earlier.

Income tax expense for 1Q FY2020 declined 55% year-on-year to $1.1 million, in line with the lower PBT.

Total profit and profit attributable to equity holders of the Company decreased 53% year-on-year to $4.7 million.

Statement of Cash Flows

During 1Q FY2020, cash and cash equivalents (after taking into account the effects of currency translation) increased by $7.5 million to $115.8 million, lifted by net cash provided by operating activities, partially offset by net cash used in investing and financing activities.

Net cash provided by operating activities for 1Q FY2020 amounted to $56.1 million, with $10.6 million in operating cash flows before changes in working capital and a $45.6 million positive change in working capital. In particular, the significant cash inflow was driven by the lump-sum collection from a sizeable project under a deferred payment arrangement.

Net cash used by investing activities for 1Q FY2020 amounted to $9.0 million, mainly due to additions to investment properties, additions to property, plant and equipment and loans extended to joint ventures.

Net cash used in financing activities for 1Q FY2020 amounted to $39.3 million, mainly due to the repayment of borrowings in relation to the financing of the sizeable project under the deferred payment arrangement and the payment on lease liabilities.

Balance Sheets

At the end of 1Q FY2020, the BP Group's financial position remained healthy with cash and cash equivalents of $115.8 million and total equity of $285.2 million.

Under assets, the BP Group's cash and cash equivalents increased to $115.8 million as described earlier under the explanation for Statement of Cash Flows. Total trade receivables (both current and non-current) increased to $70.1 million mainly due to 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 $36.9 million, mainly due to capitalisation of deposits paid for property, plant and equipment, completion of investment in an associated company and collection of interest income accrued for the project under the deferred payment arrangement. Net contract liabilities of $7.9 million in 1Q 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 the deferred payment arrangement.

Under non-current assets, investments in associated companies rose to $1.7 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 $42.4 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 $3.2 million following the purchase of heavy-duty construction cranes. Investment properties increased to $233.9 million mainly due to the recognition of right-of-use assets of $49.1 million from BP Group's existing investment properties operating leases upon the adoption of SFRS(I) 16 *Leases*, additions from the commencement of the Braddell Road smart development and ongoing development of the Boustead Industrial Park in Vietnam. Right-of-use assets of $31.8 million was also separately recognised mainly for operating leases related to properties held for sale, in line with the adoption of SFRS(I) 16 *Leases*.

Under liabilities, borrowings (both current and non-current) significantly declined to $107.9 million, mainly due to the repayment of borrowings in relation to the financing of the sizeable project under the deferred payment arrangement. Lease liabilities (both current and non-current) of $81.2 million from the Group's existing operating leases were placed on the balance sheet upon the adoption of SFRS(I) 16 *Leases*.

The BP Group's net asset value per share climbed to 91.8 cents at the end of 1Q 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 $7.9 million following the collection and loan repayment of the sizeable project under the 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 1Q FY2020 plus the total value of new orders secured since then) stands at a healthy level of approximately $621 million. However, competition remains intense and margins are expected to be under pressure.

During 1Q FY2020, the BP Group commenced marketing activities for its joint venture at Subang Aerotech Park together with Malaysia Airports Holdings Bhd and completed its strategic investment in a 25% shareholding of DSCO – a provider of specialised building engineering consulting services and data centres in the Asia Pacific. The BP Group expects its investment in DSCO to support its future expansion and complement its range of expertise in high-tech and high-value specialised projects, tapping on DSCO's reputable position in the high-value data centre industry.

Shortly after the end of 1Q FY2020, the BP Group secured an established strategic capital partner for its upcoming Braddell Road smart development in Singapore, for which the BP Group has also commenced marketing and construction activities. The entry of a capital partner for this project is in line with the BP Group's broader strategy to recycle capital for business expansion and to form additional strategic collaborations for more co-investment opportunities in Singapore and the region.

As one of the leading 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/recommended 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 1Q 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 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
7 August 2019