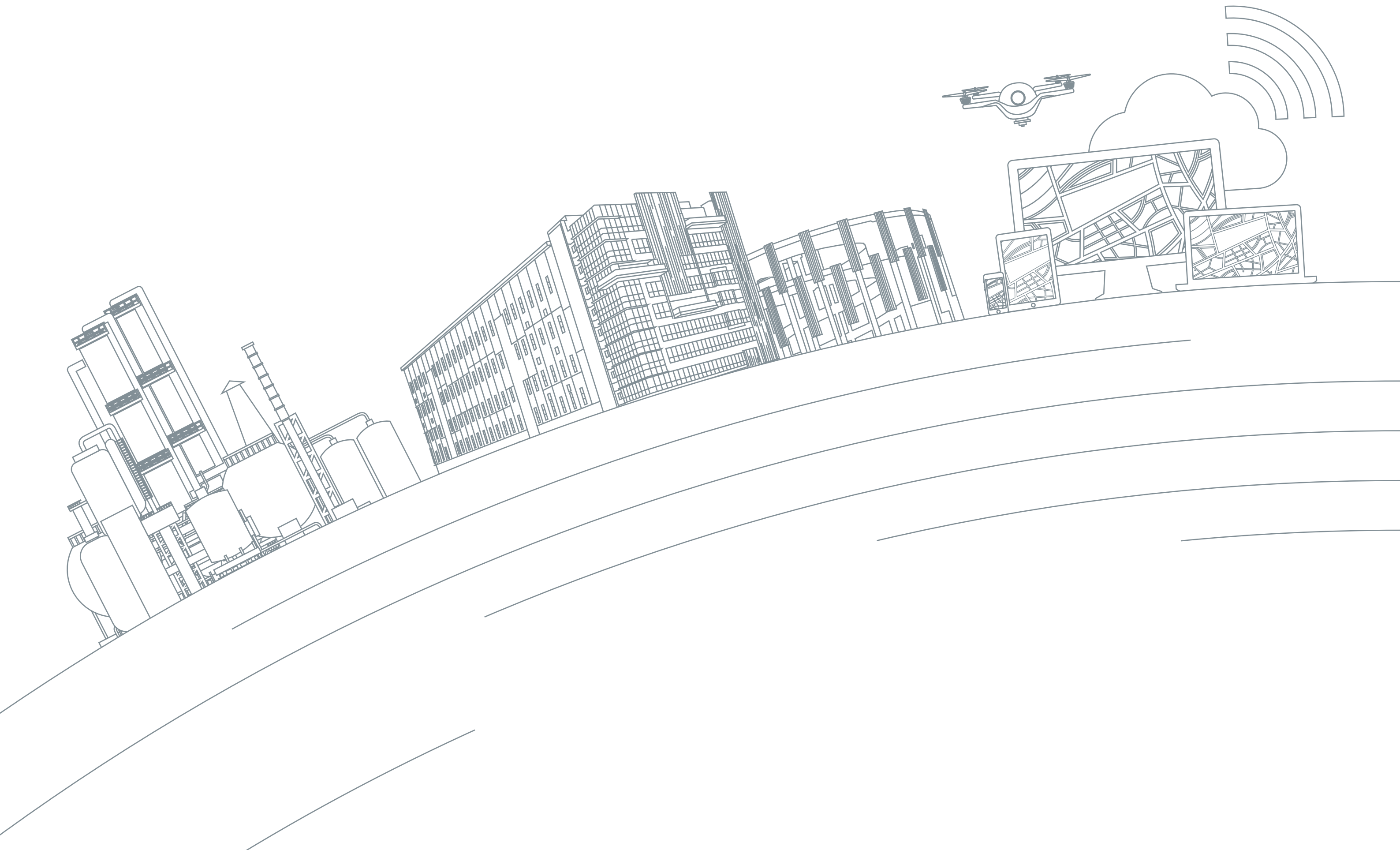
190 YEARS
OF PROGRESS

Boustead Singapore Limited
Annual Report 2018



CORPORATE PROFILE

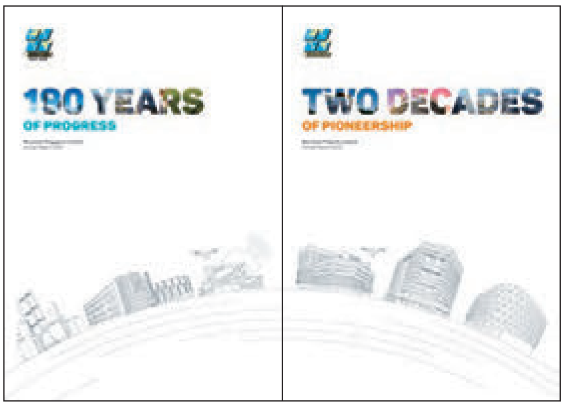
Established in 1828, Boustead Singapore Limited (SGX:F9D) is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the SGX Mainboard. Focusing on the engineering and development of key infrastructure to support economic growth in global markets, our strong suite of engineering services comprises Energy-Related Engineering and Real Estate Solutions.

Under our Geo-Spatial Technology arm, we provide professional services and exclusively distribute Esri geo-spatial technology – the world's leading geographic information system – to major markets across Australia and parts of South East Asia. Our intelligent mapping platform and digital infrastructure are essential to create smart nations, smart cities and smart communities by solving the world's largest problems through effective and sustainable planning, deployment and management of key infrastructure and resources.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, we are ready to serve the world. To date, we have undertaken infrastructure-related projects in 86 countries and territories globally.

In 2008 and 2009, we were recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific's 200 best public-listed corporations under US$1 billion in revenue. In 2015, we were also the winner of the Singapore Golden Jubilee Business Award, in recognition of the best 50 Singapore corporations who have achieved and contributed to Singapore's progress and success over the past 50 years since independence. In 2017, we were ranked by FinanceAsia as Singapore's Best Small-Cap in the annual Asia's Best Companies Poll. We are also listed on the MSCI World Micro Cap Index for Singapore, FTSE Global Small Cap Index for Singapore and FTSE ST Small Cap Index.

Visit us at **www.boustead.sg**.



Between the Covers
This year, Boustead Singapore Limited celebrates 190 years of progress, while Boustead Projects Limited continues a tradition of over two decades of pioneership.

Visit us or download the Annual Report at **www.boustead.sg**.

190 YEARS
OF PROGRESS

This year, Boustead celebrates 190 years of progress, truly an unrivalled milestone in Singapore's corporate history as we maintain our position as Singapore's oldest continuous business.

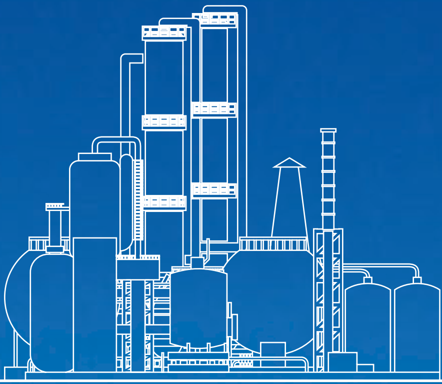
As we reflect on our longevity, a few key ingredients stand out as being fundamental to our long-term success. Generations of leadership, have accepted that change is the only constant. We have strived to adapt and remain relevant to the times. We have conducted business as upholders of progress for key stakeholders involved and with a greater purpose in mind. Last but not least, we are an incubator of sustainable businesses run by Boustead Men and Women of talent and good character, who have stayed true to our founding principles and a reputation for integrity, quality, reliability and trust.

Today, we are a progressive provider of world-class infrastructure-related engineering services and geo-spatial technology solutions to global markets, with our solutions having penetrated 86 countries and territories across Asia, Australia, Europe, Africa and the Americas.

We continue to bring progress to the world with solutions that address the world's most complex challenges.

CONTENTS

ENERGY-RELATED ENGINEERING



PROGRESSIVE SOLUTIONS
THAT POWER THE WORLD

With progressive engineered solutions delivered in 85 countries and territories globally – across some of the harshest terrains and challenging environments – our Energy-Related Engineering Division comprises leading specialists in designing and supplying key process technologies and water and wastewater treatment plants for the global oil & gas ("O&G"), petrochemical and energy industries.

This division has delivered projects for more than 60% of the world's 50 largest O&G corporations at some of the world's largest energy developments. Increasingly, our engineered solutions are being used to reduce carbon and ecological footprints through process technologies focused on natural gas and hydrogen, waste heat recovery, and water and wastewater treatment and recycling.

Read more on pages 24 to 27.

Division Revenue

S$94.9 million

was a marginal 2% lower year-on-year, weighed down by the global O&G recession which continued for the fourth consecutive year.

Division Loss Before Income Tax

S$4.6 million

was affected by S$3.7 million in currency exchange losses, along with S$2.7 million in allowance for impairment of inventories at an O&G business unit.

Division Contracts Secured

S$80 million

was double that secured for the previous year.

Established Track Record

1,200+ projects

have been delivered in 85 countries and territories globally.

REAL ESTATE SOLUTIONS

PROGRESSIVE SOLUTIONS

THAT GROW INDUSTRIES

Our Real Estate Solutions Division under Boustead Projects Limited is a leading industrial real estate solutions provider in Singapore. We have demonstrated over two decades of pioneership in design-and-build, development and advanced smart eco-sustainable facilities, serving clients from all over the world. From reputable small and medium-sized enterprise clients to global clients including Forbes Fortune 500, S&P 500 and Euronext 100 corporations, we are a trusted partner in helping them to build their next stage of growth.

Our division's capabilities now include pioneering the introduction of smart building capabilities and proven technologies to develop advanced industrial facilities in line with Industry 4.0 transformations.

Read more on pages 28 to 33.

Division Revenue

S$201.3 million

was 12% lower year-on-year, on lower revenue contributions from both the design-and-build and leasing businesses amid the challenges of the industrial real estate sector.

Division Profit Before Income Tax

S$35.5 million

was 21% lower year-on-year, mainly due to the absence of other gains of S$14.7 million recorded in the previous year.

Division Contracts Secured

S$233 million

was 66% higher year-on-year, on successful design-and-build business development efforts.

Established Track Record

Over S$3.1 billion in 170+ projects

have been delivered over two decades, with leadership positions in the aerospace, logistics and technology industries.

GEO-SPATIAL TECHNOLOGY

PROGRESSIVE SOLUTIONS

THAT CREATE A SMARTER WORLD

Our Geo-Spatial Technology Division provides professional services and exclusively distributes Esri geo-spatial technology – the world's leading geographic information system – to major market sectors across Australia and parts of South East Asia. Our intelligent mapping platform and digital infrastructure solutions are essential to create smart nations, smart cities and smart communities by solving the world's most complex problems through effective and sustainable planning, deployment and management of key infrastructure and resources.

From a global megatrends perspective, a growing understanding of the value of advanced location-based analytics in solving real world challenges is driving the ongoing deployment of Esri technology as a leading data-driven decision making tool. These new capabilities align with global megatrends including smart cities, big data, Internet of Things, autonomous vehicles, open data movement, sustainable development and many other transformative global technological trends. Our division is right at the heart of creating a smarter world.

Read more on pages 34 to 41.

Division Revenue

S$116.6 million

was 8% higher year-on-year, on steady demand across exclusive markets in Australia and South East Asia, marking a new division record.

Division Profit Before Income Tax

S$24.6 million

was 12% higher year-on-year, boosted by our record revenue performance.

Global Recognition

50 SAG Awards*

won by our clients.

* *Special Achievement in GIS Awards*

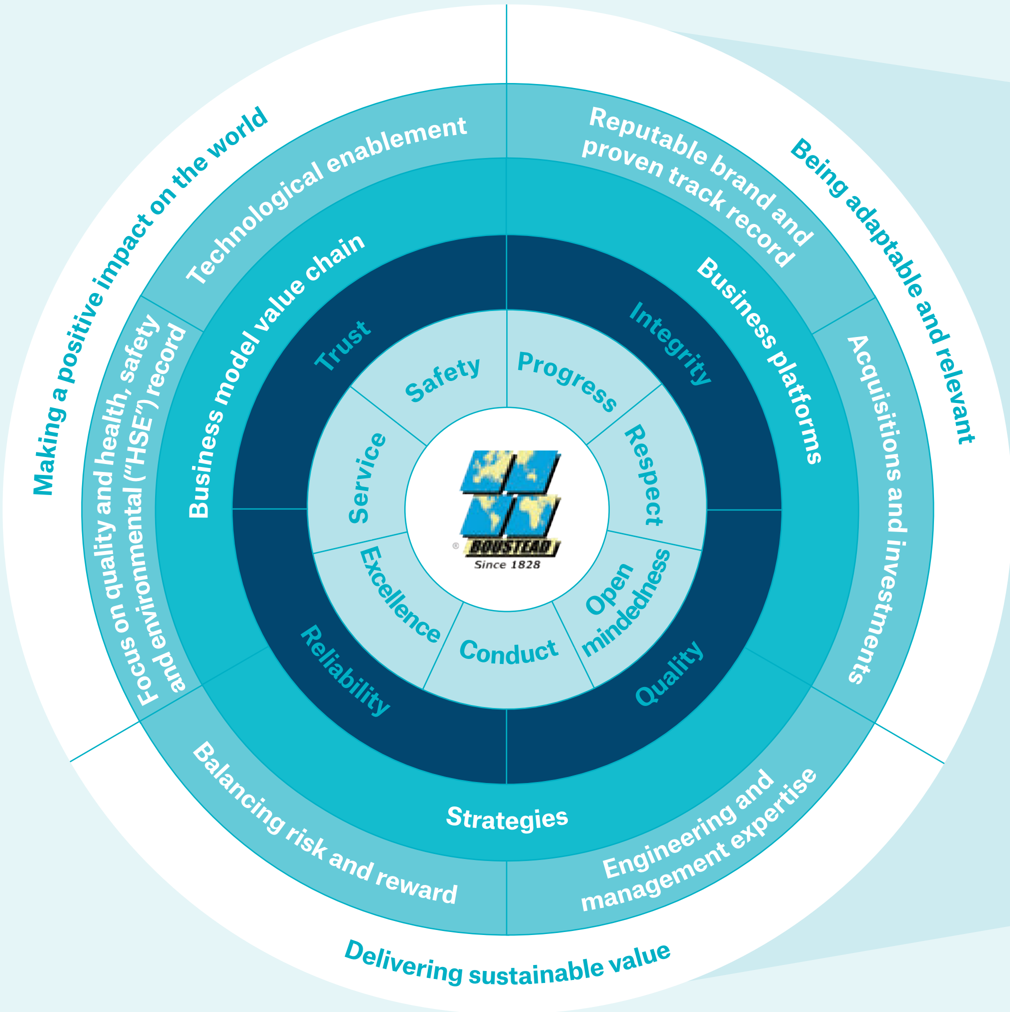
BUSINESS MODEL

Our Mission

To utilise our vast experience and expertise accumulated since 1828 to provide progressive solutions to communities around the world.

Our Vision

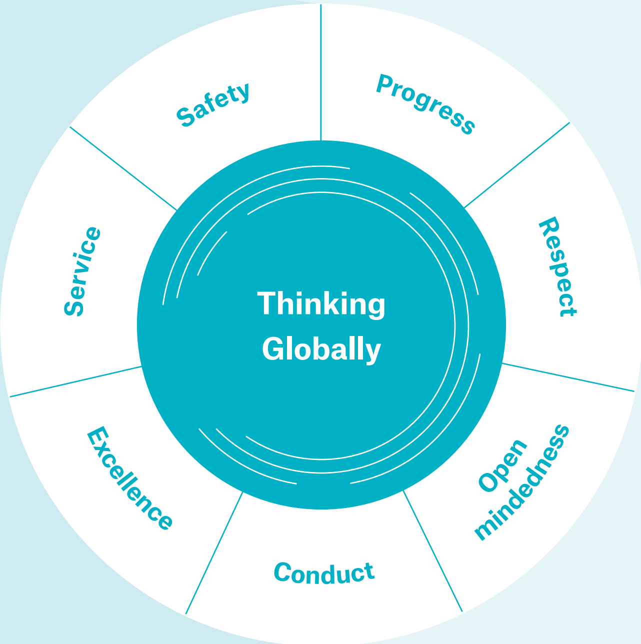
To be the premier global service provider of niche infrastructure-related engineering services, geo-spatial technology and healthcare services.



Over Boustead's prestigious and rich heritage of 190 years, we have been delivering sustainable value and progress for global stakeholders. We owe our success to our experienced and versatile teams who possess in-depth domain expertise and tremendous international experience, and generally undertake the high value-added activities across the engineering and technology value chains.

As a knowledge-driven corporation, we employ a business model with inbuilt exportability and flexibility, which has enabled us to adapt our business operations to diverse situations and widespread geographic markets covering 86 countries and territories globally.

At the very core of Boustead is our mission, fortified by our strong human-centric values: progress, respect, open mindedness, conduct, excellence, service and safety (PROCESS). Over time, we have established our reputation for integrity, quality, reliability and trust, which together with our values and business drivers, allow us to deliver on our long-term objectives of being adaptable and relevant, delivering sustainable value and making a positive impact economically, environmentally and socially on the world. We are a responsible global corporate citizen with a greater purpose in mind.



Thinking Globally

We take the global perspective; with global strategy, global business, global clients, global execution and global resources.

Regardless of where our clients are located, we will cater to their needs with robust solutions that fit the context.

Our Corporate Values

Striving for progress

We want to be distinguished for:

- Our industry leadership, client-focus, and strong suite of products, services and solutions;
- Our professionalism, financial performance, proven business and management model, and successful growth strategies; and
- Our contribution to economic, environmental and social progress in communities around the world.

Respecting our employees and stakeholders

We believe in creating a work environment that promotes creativity, excitement and growth, and makes our employees feel cared for, challenged, empowered and respected because our employees are our best asset; they are Boustead. We believe that by creating the ideal environment for our employees to thrive in, this will eventually translate to delivering sustainable value to stakeholders.

Keeping an open mind

We endeavour to push the boundaries of current paradigms, processes, research and technology to help our clients to improve their business performance.

Adhering to the highest standards of ethical and moral conduct

We believe in acting ethically and morally in the way that we conduct business. We are committed to building a climate of fairness, honesty, trust and sincerity, not just with our clients but also with stakeholders such as our partners, employees, shareholders, communities and governments.

Upholding excellence

We aim to deliver excellence in everything that we do.

Servicing our clients

We aim to gain an in-depth understanding of our clients' needs so that we are able to deliver progressive answers to our clients in the fast-paced global business environment.

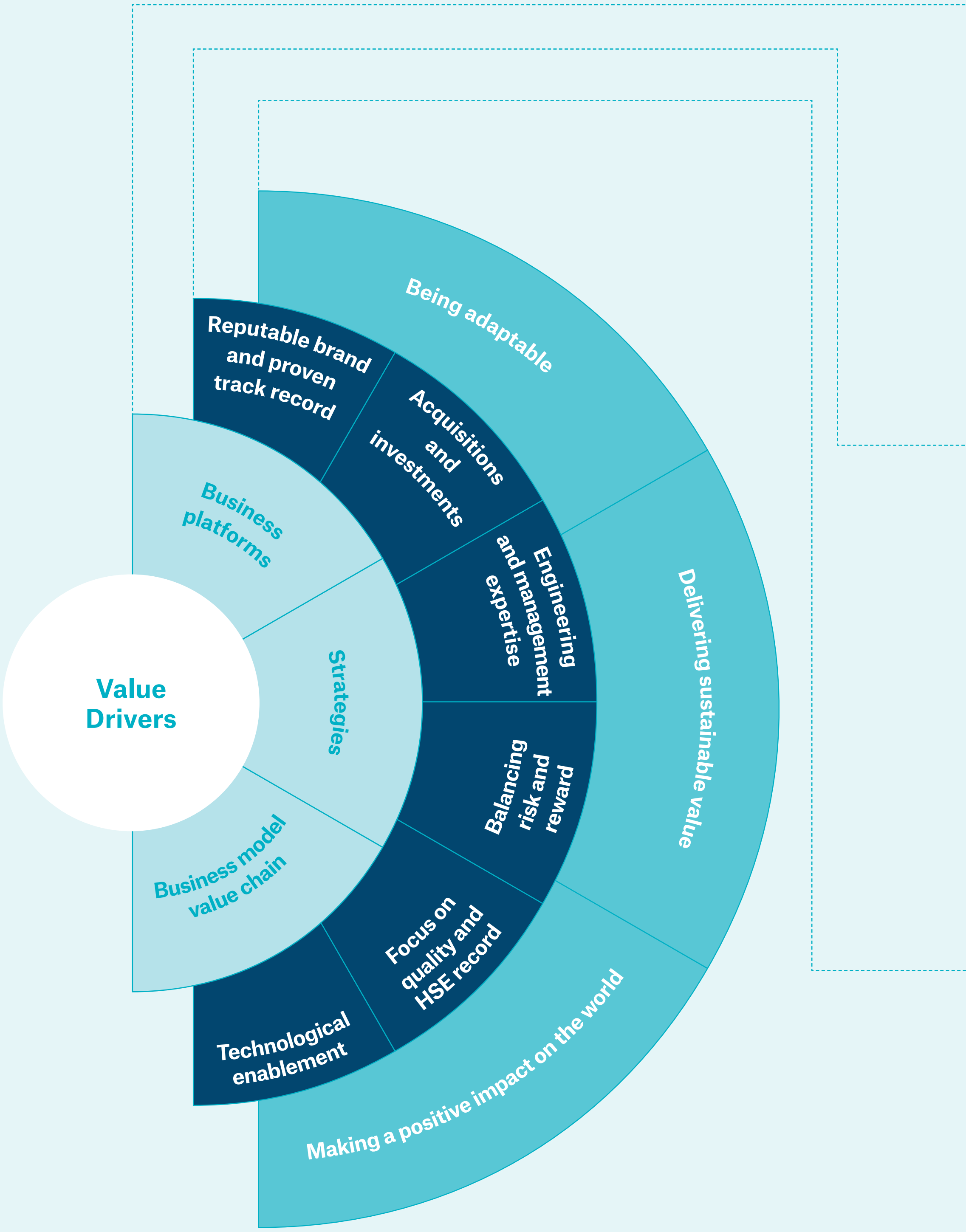
Prioritising safety

We believe in making safety an inherent part of our products, services, solutions and physical environment. It is our overriding responsibility to comply with safety regulations and to proactively work to prevent accidents and workplace hazards.

BUSINESS MODEL

Achieving our long-term objectives

In order to achieve our long-term objectives, we rely on our business drivers: business platforms, strategies and business model value chain – guided by our core values. These business drivers highlight how we combine our core competencies and strategies for global markets to ultimately deliver sustainable value to stakeholders.



Our Business Platforms

Business intelligence and network
- Successful spotting and positioning on global megatrends
- Global view with local market knowledge
- Focus on development in high growth markets
- Broad coverage of industries
- Infrastructure-related projects in 86 countries and territories
- More than 13,000 clients globally including world's top MNCs

Performance
- Extensive track record
- Delivery of world-class projects
- Solutions in energy, water, real estate, geo-spatial technology and healthcare
- Commitments to quality and HSE performance

People
- World-class teams
- Empowering culture
- Ability to attract, motivate and retain talent
- Industry technical experts

Our Strategies

Reputable brand and proven track record
With a strong brand heritage, we have established reputable positions in our industries, bringing together engineering skills and proven technologies in over 1,300 projects in 86 countries and territories.

Acquisitions and investments
Our continuous search for value in acquisitions and investments is aimed at broadening our revenue streams and driving long-term sustainable growth.

Engineering and management expertise
Our teams offer in-depth domain expertise and deliver value engineering, helping our clients to achieve a highly effective cost competitive solution that raises efficiency and sustainability while eliminating wastage.

Balancing risk and reward
We are vigilant in ensuring that our strategies to enhance shareholder value are well-supported by sound risk management.

Focus on quality and HSE record
We strive to achieve the highest standards in quality and workplace HSE, for the wellbeing and protection of every individual. We are a leader and active participant in the bizSAFE Programme initiated by the Workplace Safety & Health Council.

Technological enablement
We aim to incorporate transformative technologies into our products, services and solutions, and progress successfully into the world of Industry 4.0.

Our Value Chain

Upholding our excellent reputation for integrity, quality, reliability and trust

Designing sustainable products, services and solutions

Committing to operational excellence through undertaking process, detailed and value engineering, project management, installation, commissioning and training

Delivering efficiency, performance and value to our clients

Generating revenue, profit and cash flow in a sustainable manner

Being adaptable, delivering sustainable value and making a positive impact on the world

GLOBAL PRESENCE

Projects undertaken in

86

countries and territories

Order book backlog of

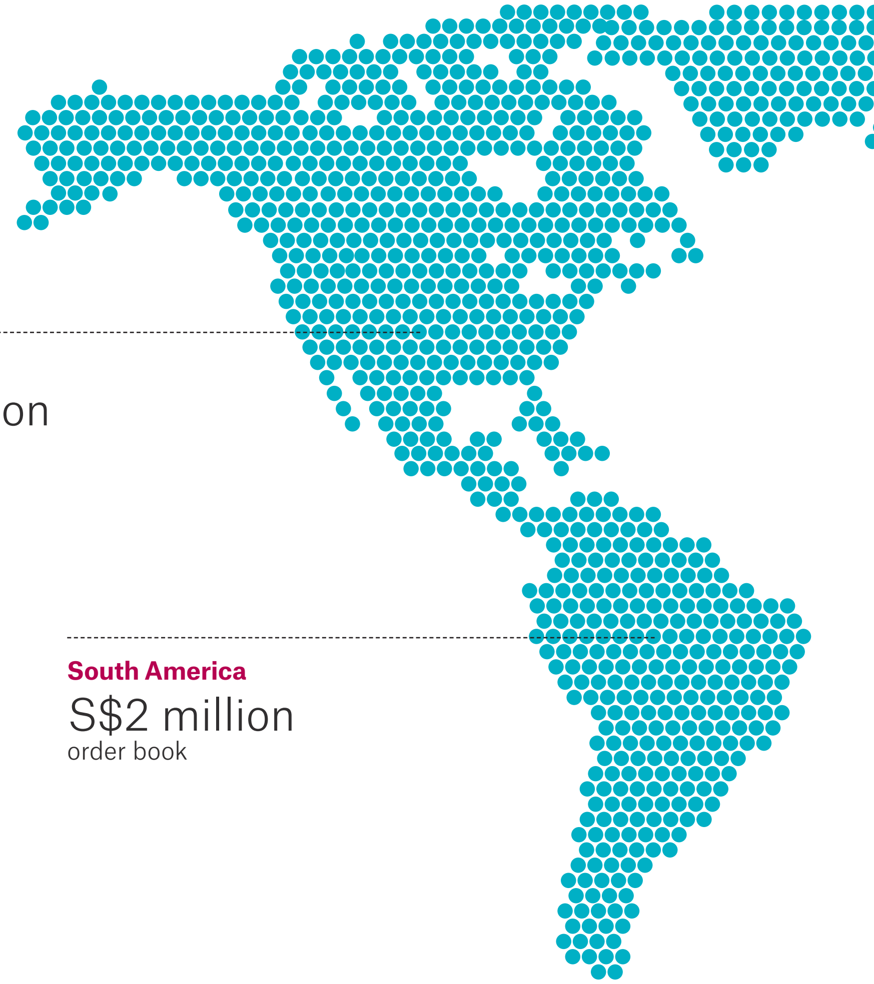
S$307 million*

Projects Track Record

- Energy-Related Engineering
- Real Estate Solutions
- Geo-Spatial Technology

Projects Ongoing in FY2018

- Energy-Related Engineering
- Real Estate Solutions
- Geo-Spatial Technology



North America

S$24 million
order book

South America

S$2 million
order book

Asia

East Asia & Central Asia

Azerbaijan
China
Hong Kong
Japan
Macau
South Korea
Taiwan
Turkmenistan

South East Asia

Brunei
Indonesia
Malaysia
Myanmar
Philippines
Singapore
Thailand
Timor-Leste
Vietnam

South Asia

Bangladesh
India
Maldives
Pakistan
Sri Lanka

Middle East

Bahrain
Iraq
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
UAE

Africa

Eastern Africa

Mozambique
Tanzania

North Africa

Algeria
Egypt
Libya
Tunisia

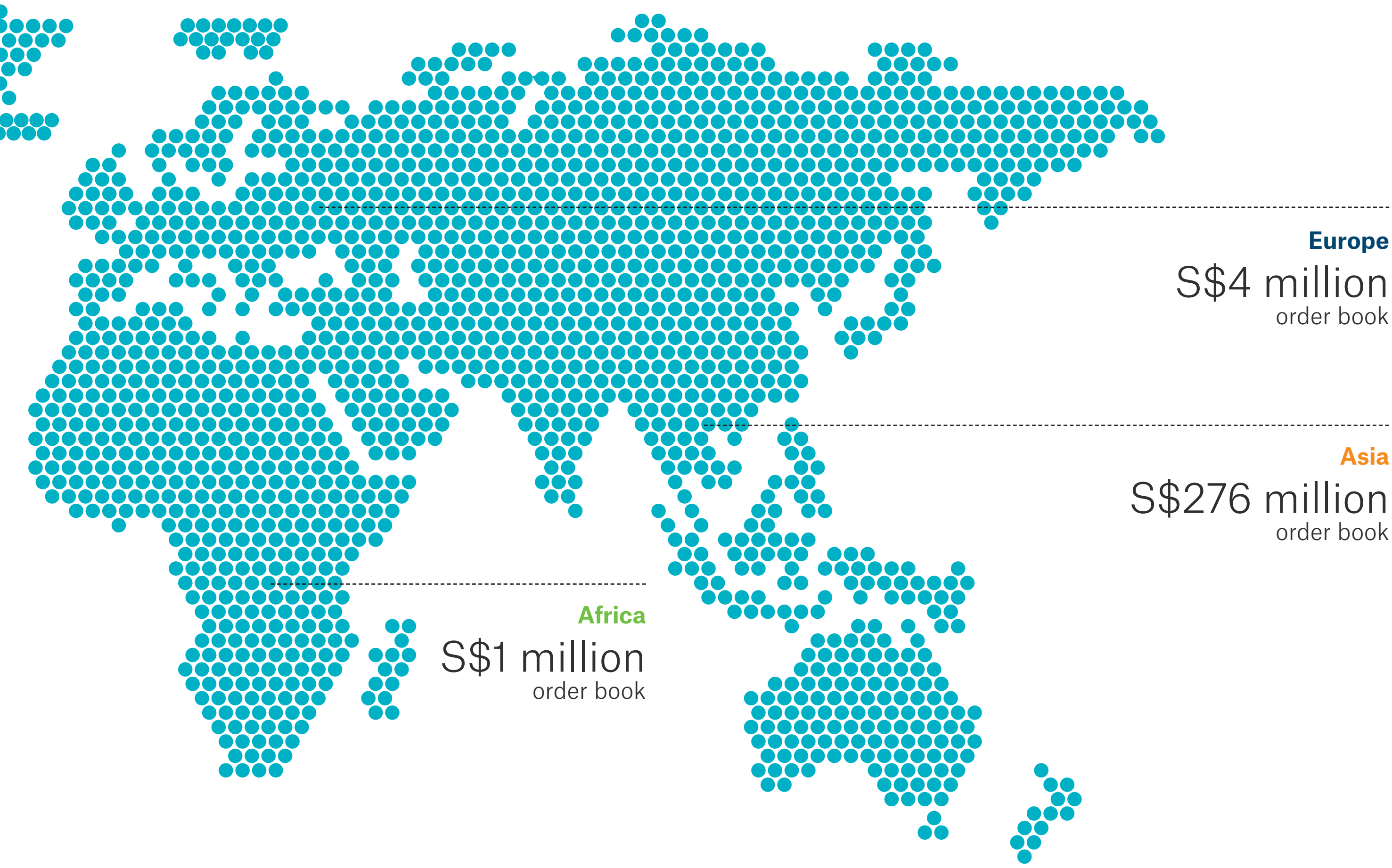
Middle Africa

Angola
Equatorial Guinea

Western Africa

Cote d'Ivoire
Gabon
Ghana
Nigeria

* *Order book backlog at end of FY2018 plus new orders secured since.*



Australia & Oceania

- Australia
- New Caledonia
- New Zealand
- Papua New Guinea

Europe

Eastern Europe

- Hungary
- Poland
- Russia
- Slovakia
- Ukraine

Northern Europe

- England
- Finland
- Ireland
- Isle of Man
- Lithuania
- Norway
- Scotland
- Wales

Southern Europe

- Cyprus
- Greece
- Italy
- Spain
- Turkey

Western Europe

- Austria
- Belgium
- Germany
- Netherlands
- Switzerland

North America & South America

Latin America & Caribbean

- Argentina
- Bolivia
- Brazil
- Chile
- Dominican Republic
- Mexico
- Netherlands Antilles
- Peru
- Venezuela

North America

- Canada
- USA

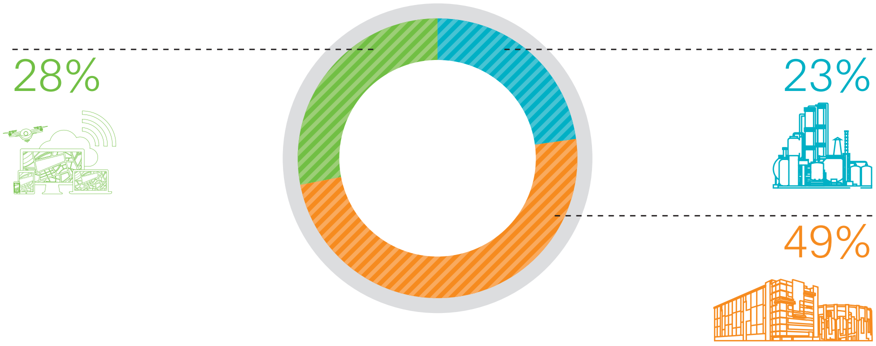
GROUP AT A GLANCE

Group Revenue

S$414.1 million

FY2017: S$433.8 million

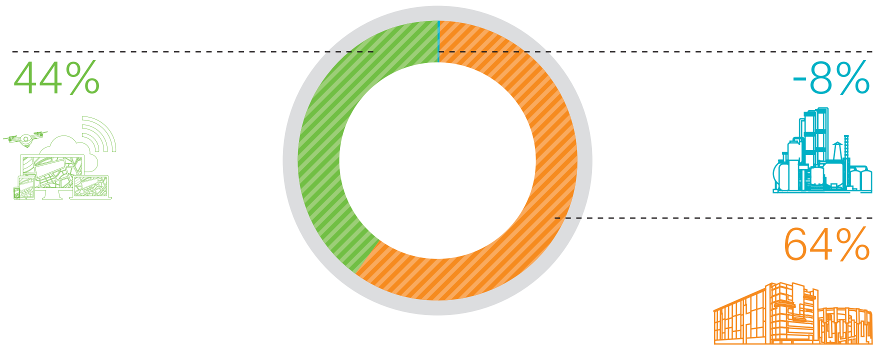
- Energy-Related Engineering
- Real Estate Solutions
- Geo-Spatial Technology



Group Profit Before Income Tax

S$54.0 million

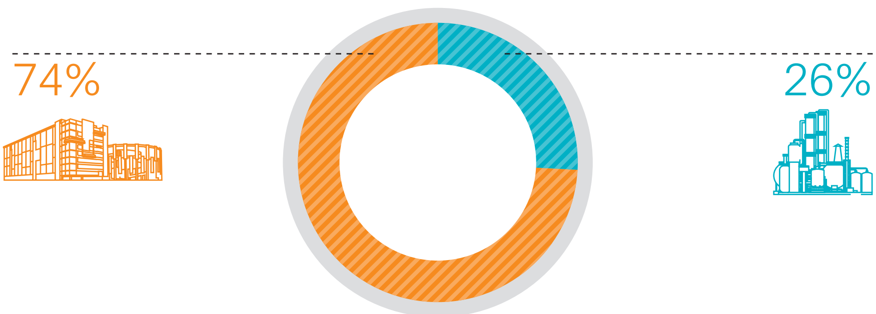
FY2017: S$67.7 million



Group Contracts Secured

S$313 million

FY2017: S$180 million



Group Net Profit

S$25.4 million

FY2017: S$33.3 million

Group Net Assets

S$439.5 million

FY2017: S$444.7 million

Group Net Cash Position

S$194.9 million

FY2017: S$188.1 million

Earnings Per Share

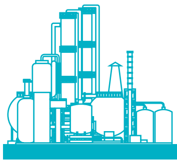
4.9¢

FY2017: 6.4¢

Net Asset Value Per Share

63.5¢

FY2017: 61.7¢



Energy-Related Engineering

Our Energy-Related Engineering Division provides key process technologies for the:

1. Oil & gas ("O&G") industries;
2. Petrochemical industry; and
3. Power industry.

This division has undertaken more than 1,200 projects in 85 countries and territories globally.

Read more on pages 24 to 27.

FY2018 Highlights

- Results weighed down by global O&G recession which continued for fourth consecutive year
- Profitable if currency exchange losses and allowance for impairment of inventories excluded
- Value of contracts secured doubled over previous year

Division Revenue

S$94.9 million

FY2017: S$96.5 million

Division Profit/(Loss) Before Income Tax

(S$4.6 million)

FY2017: S$4.2 million

Division Contracts Secured

S$80 million

FY2017: S$40 million

Division Employees

256

FY2017: 246

Real Estate Solutions

Our Real Estate Solutions Division under Boustead Projects Limited provides design-and-build and development expertise for:

1. Industrial facilities;
2. Business park and commercial buildings; and
3. Industrial and business parks.

This division has delivered more than 3,000,000 square metres of industrial real estate regionally and is the established market leader in pioneering advanced eco-sustainable industrial facilities.

Read more on pages 28 to 33.

FY2018 Highlights

- Lower revenue amid challenging industrial real estate sector
- Gross profit increased on productivity improvements, unlocking of project cost savings and conversion of projects with higher margins
- Profit before income tax impacted by absence of sizeable non-recurring other gains recorded in previous year
- Healthy level of contracts secured

Division Revenue

S$201.3 million

FY2017: S$228.3 million

Division Profit Before Income Tax

S$35.5 million

FY2017: S$44.9 million

Division Contracts Secured

S$233 million

FY2017: S$140 million

Division Employees

141

FY2017: 125

Geo-Spatial Technology

Our Geo-Spatial Technology Division provides professional services and exclusive distribution of Esri geo-spatial technology, the world's leading geographic information system.

This division has more than 13,000 clients regionally including key government agencies and multinational corporations across eight exclusive markets in Australia and parts of South East Asia.

Read more on pages 34 to 41.

FY2018 Highlights

- Record revenue and better profit performance
- Steady demand across exclusive markets in Australia and South East Asia

Division Revenue

S$116.6 million

FY2017: S$108.3 million

Division Profit Before Income Tax

S$24.6 million

FY2017: S$21.9 million

Division Employees

355

FY2017: 355

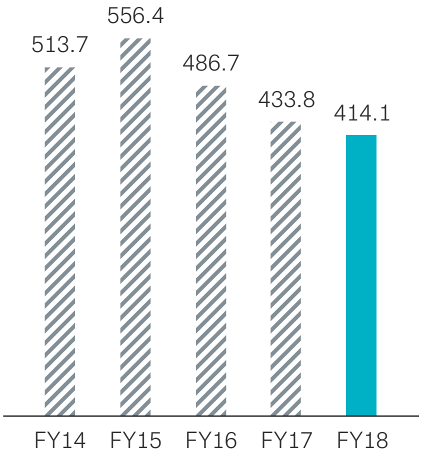
FINANCIAL PERFORMANCE

	31 Mar 14 S$'000	31 Mar 15 S$'000	31 Mar 16 S$'000	31 Mar 17 S$'000	31 Mar 18 S$'000
Revenue and Profits					
Revenue	513,705	556,405	486,651	433,847	**414,094**
Gross profit	175,402	186,185	150,567	143,551	**151,762**
Profit before income tax	90,637	88,981	56,543	67,686	**53,982**
Total profit	74,046	66,349	41,135	53,486	**41,100**
Profit for the year attributable to equity holders of the Company	70,685	63,282	28,247	33,294	**25,388**
Cash/Scrip dividends*	(36,121)	(21,782)	(16,263)	(10,583)	**(15,081)**
Distribution of shares *in specie*	-	-	(84,291)	-	**-**
Statement of Financial Position					
Equity attributable to equity holders of the Company	352,348	379,996	304,842	321,952	**313,284**
Non-controlling interests	9,352	10,456	104,895	122,706	**126,217**
Capital Employed	361,700	390,452	409,737	444,658	**439,501**
Trade receivables (non-current)	9,183	7,438	-	-	**4,619**
Other receivables and prepayments (non-current)	1,221	1,241	3,827	6,577	**3,127**
Available-for-sale financial assets (non-current)	69,392	73,387	61,576	65,903	**38,565**
Property, plant and equipment	17,025	16,732	14,565	11,699	**11,830**
Investment properties	108,962	159,857	146,182	134,796	**128,827**
Goodwill	1,322	-	-	-	**-**
Intangible assets	2,420	1,452	1,186	992	**737**
Investments in associated companies	3,959	3,761	200	-	**588**
Investments in joint ventures	4,467	10,728	13,755	32,354	**37,148**
Net deferred income tax (liabilities)/assets	548	210	(666)	(236)	**(507)**
Net cash position	165,874	73,574	165,620	188,145	**194,878**
Net current assets/(liabilities) (excluding cash and borrowings)	(12,189)	51,173	13,444	14,247	**27,443**
Non-current liabilities (excluding deferred income tax liabilities and borrowings)	(10,484)	(9,101)	(9,952)	(9,819)	**(7,754)**
Assets Employed	361,700	390,452	409,737	444,658	**439,501**
Financial Statistics					
Operating profit over turnover (%)	17.6	16.0	11.6	15.6	**13.0**
Return on equity (%) (Note 1)	20.1	16.7	9.3	10.3	**8.1**
Gross dividend per ordinary share* (¢)	7.0	4.0	19.2	2.0	**3.0**
Dividend cover* (times)	2.0	2.9	0.3	3.2	**1.6**
Basic earnings per ordinary share (¢) (Note 2)	13.9	12.3	5.4	6.4	**4.9**
Net asset value per ordinary share (¢) (Note 3)	68.4	73.0	58.3	61.7	**63.5**

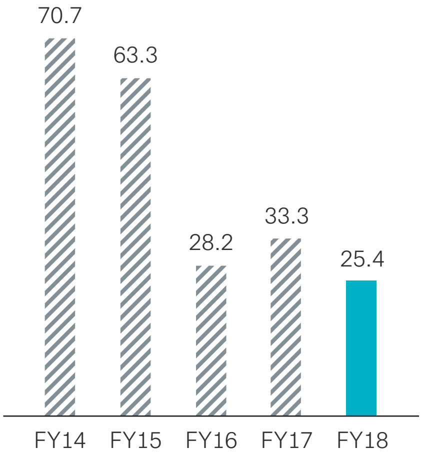
* *Includes proposed final dividend of 2.0 cents for FY2018.*

Notes:
1. *Based on profit for the year attributable to equity holders of the Company divided by equity attributable to equity holders of the Company.*
2. *Based on profit for the year attributable to equity holders of the Company divided by weighted average number of ordinary shares in issue during financial year ended 31 March.*
3. *Based on equity attributable to equity holders of the Company divided by number of ordinary shares in issue at end of financial year ended 31 March.*

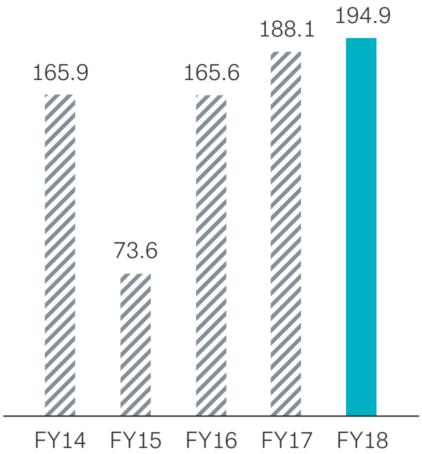
Group Revenue (S$'m)



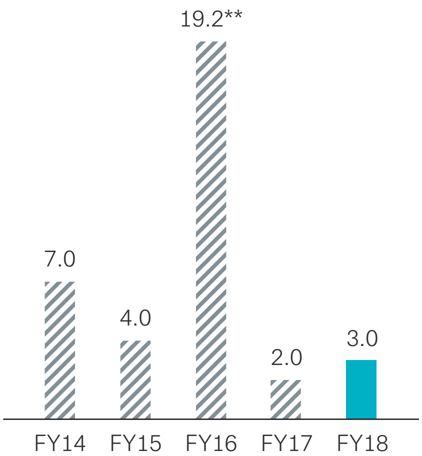
Group Net Profit (S$'m)



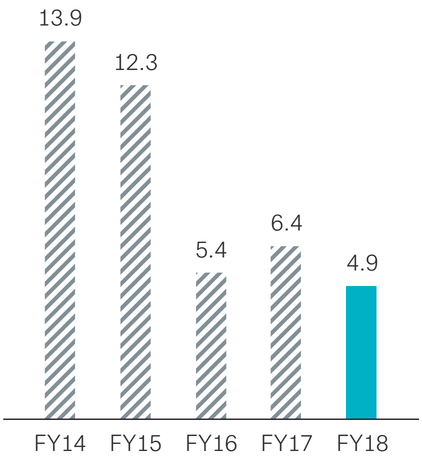
Net Cash Position (S$'m)



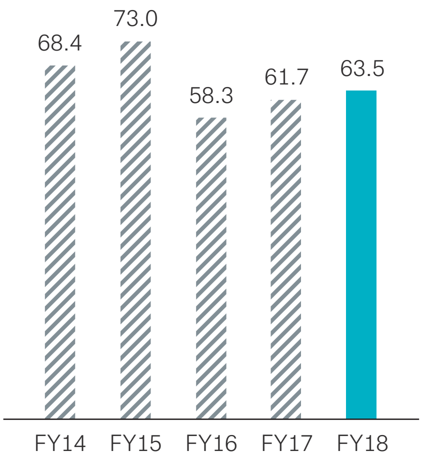
Gross Dividend Per Ordinary Share (¢)



Basic Earnings Per Ordinary Share (¢)



Net Asset Value Per Ordinary Share (¢)



** *Includes dividend in specie of 16.2 cents.*

ECONOMIC & SUSTAINABILITY PERFORMANCE

Economic value creation and distribution in FY2018

Over Boustead's prestigious and rich heritage of 190 years, we have performed our role as a trustworthy corporate citizen, incubating and growing businesses and trust with multiple generations of global stakeholders, and delivering sustainable value and progress to them. Nearly two centuries' worth of economic value has been created and distributed to key stakeholders including clients, communities, employees, lenders, governments, shareholders and suppliers around the world.

In FY2018, we created S$418.1 million in economic value, which was distributed to key stakeholders in the following manner.

Suppliers

- Purchases
- Subcontractor payments
- Other operating expenses

S$291.7 million

Employees

- Salaries
- Defined contribution plans
- Share-based compensation
- Other benefits

S$70.1 million

Lenders and shareholders

- Interest paid to lenders
- Dividends paid to shareholders

S$20.2 million

Governments

- Corporate taxes

S$12.0 million

Communities

- Community service
- Philanthropic donations

S$0.23 million

Economic value retained

- Reinvestment in core businesses
- Future acquisitions and investments

S$23.8 million

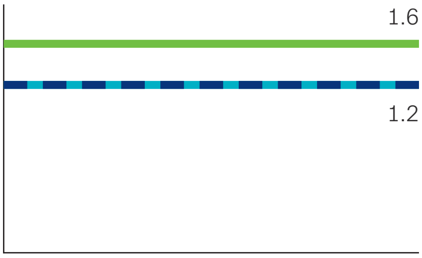
Economic value generated

= S$418.1 million

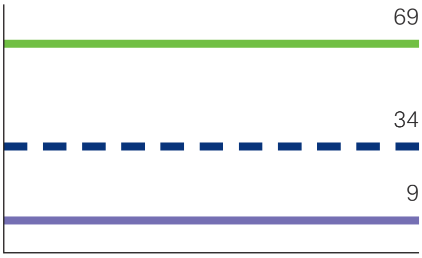
Environmental and Social Contributions in FY2018

Safety*

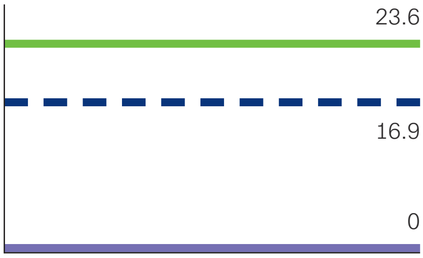
Accident frequency rate
# of workplace accidents per million man-hours



Accident severity rate
# of lost man days to workplace accidents per million man-hours



Occupational disease incidence rate
# of occupational disease cases per 100,000 employees

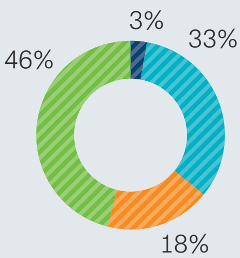


Employees and subcontractors | Employees | Relevant industries average** | National average

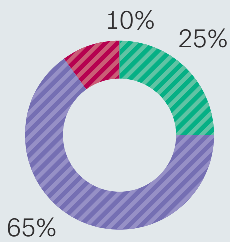
Human Resource Deployment

773 employees (FY2017: 748)

33% female 67% male



- Group HQ
- Energy-Related Engineering
- Real Estate Solutions
- Geo-Spatial Technology



- Managerial
- Executive
- Non-executive

Environment

We have delivered numerous projects around the world that have provided significant financial and environmental benefits. In FY2018, our clients had total installed capacity to:

Recover over 33,644 gigawatt hours of heat energy = **Heating for 2.4 million homes in the UK every year**

Waste heat recovery units

Treat or recycle 612,826,000 cubic metres of water = **Water to fill 235,000 Olympic size swimming pools every year**

Water and wastewater treatment plants

Save 37 gigawatt hours of electricity = **Power for 7,800 homes in Singapore every year**

Save 87,000 cubic metres of water = **Water to fill 34 Olympic size swimming pools every year**

Green Mark Platinum-rated business park and industrial facilities

* *2017 statistics from Workplace Safety & Health Council.*

** *Blended weighted average of Singapore's construction; professional, scientific & technical; and real estate sectors.*

CHAIRMAN'S MESSAGE

Wong Fong Fui
Chairman & Group Chief Executive Officer

This year, Boustead celebrates **190 years of progress**, truly an unrivalled milestone in Singapore's corporate history as we maintain our position as Singapore's oldest continuous business.

Dear Fellow Shareholders,
It gives me great pleasure to present to you the Boustead FY2018 Annual Report for the financial year ended 31 March 2018.

In line with the prolonged cyclical downturn experienced in our respective industries over the past several years including FY2018, our revenue fell a moderate 5% year-on-year to S$414.1 million, staying just above the historical revenue low experienced in the past decade. Profit attributable to you – fellow owners of our Company – decreased 24% year-on-year to S$25.4 million, factoring in other losses of S$4.3 million in FY2018 which contrasted with the previous year's other gains of S$17.0 million. The bulk of the previous year's other gains were one-off bonus items from our Real Estate Solutions Division under Boustead Projects Limited ("Boustead Projects").

Adjusting net profit for other gains and losses net of non-controlling interests, normalised net profit would have been a respectable 18% or S$4.4 million higher year-on-year. Our teams continued to deliver another commendable performance, even in the face of numerous economic and political uncertainties in recent years.

FY2018 – A Year of Bottoming Out

The storm that engulfed FY2015, FY2016 and FY2017 raged on in FY2018, perhaps with reduced force compared to earlier years. More 'ships' sank along the way, not just in the global oil & gas ("O&G") industries but also in other industries where some notable names relying on extreme leverage, lost their balance and fell by the wayside over questionable business models and rising US interest rates.

Slightly battered, we continued to sail through the storm. Sadly, our run of six successive years of broad-based profitability across all three divisions ended, as our Energy-Related Engineering Division registered a first full-year loss before income tax since the global O&G recession began in mid-2014. Nonetheless, excluding currency exchange losses and an allowance for impairment of inventories at an O&G business unit, the Energy-Related Engineering Division would have been profitable.

At our Energy-Related Engineering Division, the prolonged cyclical downturn looked to bottom out. Division revenue contracted by a marginal 2% year-on-year to S$94.9 million. Division profit before income tax ("PBT") reversed from the previous year's profit to a loss of S$4.6 million, only because of S$3.7 million in currency exchange losses and S$2.7 million in an allowance for impairment of inventories. On a normalised operating level, all three major businesses catering to the downstream and upstream O&G sectors, and also water and wastewater treatment for the energy sector, were profitable. This division is likely to have seen the bottom in FY2018.

Our Real Estate Solutions Division under Boustead Projects topped revenue contributors for the eleventh successive year. Caught in the prolonged cyclical downturn affecting Singapore's industrial real estate sector, division revenue decreased 12% year-on-year to S$201.3 million, while division PBT declined 21% year-on-year to S$35.5 million, on an absence of other gains. Despite lower revenue contributions across both the design-and-build and leasing businesses, Boustead Projects performed remarkably well to boost design-and-build gross margins through productivity improvements and the unlocking of cost savings. Adjusting for the previous year's sizeable one-off other gains, normalised net profit at Boustead Projects for FY2018 would have been a respectable 15% higher year-on-year, representing two consecutive years of normalised net profit growth. With a growing enquiry pipeline of design-and-build and development opportunities, and interesting acquisition and investment opportunities popping up in Singapore and overseas markets, the outlook for Boustead Projects looks exciting. As Singapore's market leader from the private sector for industrial real estate solutions, Boustead Projects is set to be one of the biggest beneficiaries when the industrial real estate sector finally recovers.

On the rise again, our Geo-Spatial Technology Division achieved a new division revenue record, with division revenue up 8% year-on-year to S$116.6 million. Steady demand was witnessed across Australia and South East Asia from traditional government clients, as well as an expanding base of new corporate clients. Division PBT grew by a stronger 12% year-on-year to S$24.6 million. As long-term trends in big data, Internet of Things ("IoT") and smart cities continue to be embedded into all aspects of daily life, our division's role as a key player providing big data mapping analysis and infrastructure digitalisation tools, will become more entrenched.

Upholding our dividend tradition, your Board has proposed a final ordinary dividend of 2 cents for your approval. Together with the interim dividend of 1 cent already paid, the total ordinary dividend of 3 cents equates to a dividend payout ratio of 61% and represents a 50% uplift over the total ordinary dividend of 2 cents paid for FY2017. Separately, Boustead Projects has proposed a final ordinary dividend of 1.5 cents per Boustead Projects' share, matching the final ordinary dividend paid for FY2017.

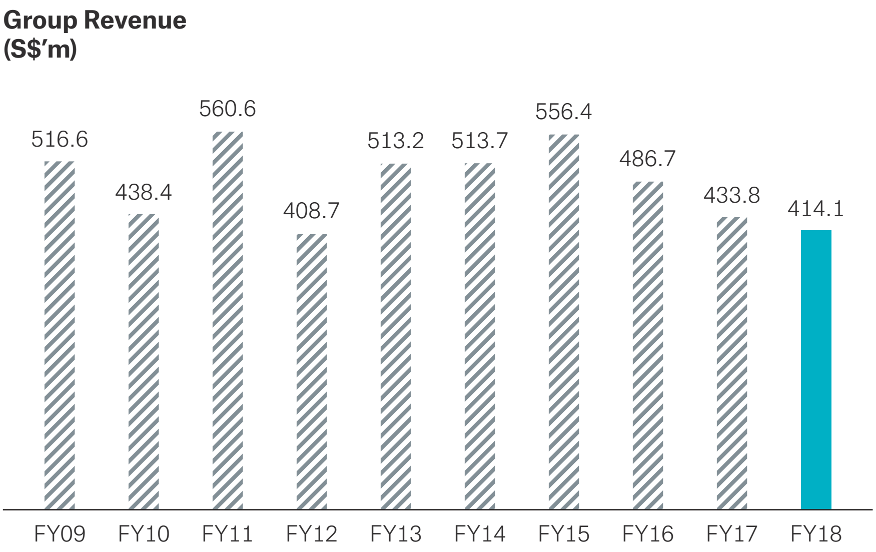
Apart from dividends, we also conducted a mega share buy-back exercise during FY2018, equating to about 29.3 million shares or 5.4% of our total shares. This brings total treasury shares to 8.8% of total shares. Separately, Boustead Projects also conducted a sizeable share buy-back exercise. These capital allocation measures are certain to enhance the earnings per share and net asset value per share in coming years, especially given the underappreciated price levels that the share buy-back exercises were conducted at.

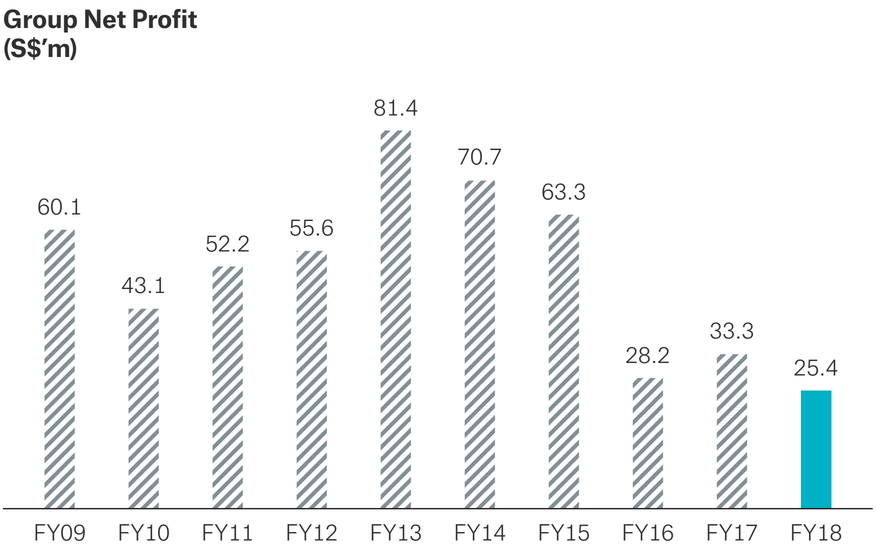
190 Years of Progress

This year, Boustead celebrates 190 years of progress, truly an unrivalled milestone in Singapore's corporate history as we maintain our position as Singapore's oldest continuous business.

What does it take to stay around for 190 years? Determination and grit are certainly not enough. As we reflect on our longevity, a few key ingredients stand out as being fundamental to our long-term success. First, generations of leadership at Boustead, past and present, have accepted that change is the only constant. Second, we have strived to adapt and remain relevant to the times. Third, we have conducted business as upholders of progress for key stakeholders involved and with a greater purpose in mind. Lastly, as an incubator of sustainable businesses, run by Boustead Men and Women of talent and good character, we have stayed true to our founding principles and a reputation for integrity, quality, reliability and trust.

CHAIRMAN'S MESSAGE





No strangers to change, we have witnessed and survived more economic and financial crises, upheavals, wars, and births and deaths of industries, than most. We regularly participate in what is transformative rather than simply disruptive. We also learned that letting go of a dear long-time business or industry may be as important as having developed it, as this can result in long-term success or failure. This also explains why we have been through so many businesses and industries over 190 years.

When Boustead was first established here in Singapore in 1828, we were one of the greatest merchant trading houses of the Far East, essentially providing the flourishing trade of commodities. We also played important roles in the early development of the shipping, O&G, rubber and tin industries and were significant co-founding investors in the Tanjong Pagar Dock Company (today known as PSA) and the Straits Trading Company, among others. Many of today's prominent institutions received our philanthropic contributions that led to the beginnings of their own long histories: St Andrew's Cathedral, Cathedral of the Good Shepherd, Raffles Institution and St Joseph's Institution.

Contributions came not only in business or monetary terms but also through the training of Boustead Men and Women, who in time would make their own vast contributions to society. Apart from our founder, Mr Edward Boustead, many individual employees left behind legacies. For example, Mr Chia Ann Siang (whose namesake legacy lies in Ann Siang Hill) spent 40 years as Boustead chief produce storekeeper before starting his own flourishing merchant business, while Boustead partner, Mr Isaac Henderson went on to become a founding director of Shell Transport & Trading Company. Many employees were also unsung heroes who gave their lives in defending humanity in World War I and World War II, and many more were heavily involved in subsequent nation rebuilding efforts including those for Singapore.

Today, as staunch upholders of progress in the global communities we serve, our businesses across energy, real estate and geo-spatial technology are helping to develop smart nations, smart cities, smart communities and smart buildings. Our current businesses achieve profit, purpose and are responsive to our changing world:

- Boustead International Heaters has delivered waste heat recovery units that recover total energy equivalent to heating about 2.4 million homes in the UK every year;
- Boustead Salcon Water Solutions, since our acquisition, has delivered total water and wastewater treatment capacity of over 587 million cubic metres per year, enough to fill 235,000 Olympic size swimming pools every year;
- Boustead Projects has constructed Green Mark Platinum-rated buildings that provide an estimated total energy and water savings of over 37.1 gigawatt hours and 87,100 cubic metres respectively per year, equivalent to providing electricity to over 7,800 homes in Singapore and enough water to fill over 34 Olympic size swimming pools every year; and
- The Geo-Spatial Technology Division is behind almost every smart city transformation in Australia, Singapore, Malaysia and Indonesia.

As we sense and adapt to shifts in the business, economic, political and social landscape, our embrace of change derives progress which ultimately determines our fate as a global corporate citizen. Later this year, we will release our inaugural Longevity Report, which covers a more holistic review from a mainly non-financial perspective. Stay tuned for that.

FY2019 – Welcome Healthcare, Our Fourth Leg

I have always believed that four legs are more stable than three. This is where healthcare comes into the picture.

As you know, we have been working in earnest to make the right acquisition over the past decade. That in itself is a long time. Finding the right one has not been easy, almost as difficult as finding the right spouse.

Just completed, our acquisition of the Asian healthcare platform under WhiteRock Incorporation Pte Ltd ("Boustead WhiteRock") represents not only our fourth division but also in many respects, aligns with what Boustead has stood for over the past 190 years. Boustead WhiteRock is expected to be a strong growing business and ultimately serve Asian communities with a greater purpose in mind.

Being part of the world's ageing population mainly made out of 'Baby Boomers', I understand only too well how favourable the space is that Boustead WhiteRock operates in. The undeniable demographics of Asia's ageing populations and formation of the largest middle class groups in Asia's history, also point to a fast growing market that is greatly in need of assistance.
As an equipment and services provider for rehabilitative care, sleep care and sports science, we address the growing healthcare needs of the elderly, who also make up the highest proportion of chronic disease sufferers such as cardiac and stroke patients. Our focus on niche innovative technologies and patient care services help us to attend to the pain points of mainstream healthcare institutions by promoting faster recovery and higher productivity, both aimed at alleviating the resource shortages and complexities of rehabilitative care caused by higher incidences of chronic diseases faced by the healthcare industry.

Integrating technologies into our patient care services offer us competitiveness in our market positioning and help build up stable recurring revenue streams. Our wide market reach from China to South East Asia provides opportunities to replicate business models that we have built. This will be the focus going forward to maximise the platform that we have.

I wish to warmly welcome the entire Boustead WhiteRock Team, which brings to the Group a keen understanding of the Asian healthcare scene and many decades of experience in the industry.

With our combined resources, Boustead WhiteRock is set to climb to greater heights.

Looking Forward with Cautious Optimism

Setting aside the recent start of a global trade war, we remain cautiously optimistic on our prospects in FY2019. We anticipate that our Energy-Related Engineering Division and Real Estate Solutions Division stand at the cusps of industry recoveries. Our Geo-Spatial Technology Division should continue to perform well, while we eagerly await the first contributions from our newly formed Healthcare Division.

A Word of Appreciation

I would like to express my deepest gratitude to the Boustead Men and Women – our management and staff – around the world for their efforts and contributions to global progress. I would like to extend my appreciation to all of our clients, business partners, associates, bankers, suppliers and shareholders for your continuous support. Last but not least, I would also like to thank my fellow Board colleagues for their invaluable advice.

Thank you for supporting us and joining us on this journey of progress. I look forward to seeing you at our upcoming Annual General Meeting.

Wong Fong Fui
Chairman &
Group Chief Executive Officer

ENERGY-RELATED ENGINEERING

Our Energy-Related Engineering Division's key subsidiaries – Boustead International Heaters, Boustead Controls & Electrics and Boustead Salcon Water Solutions – provide key process technologies to the global oil & gas ("O&G"), petrochemical and energy industries.

Market Sectors

O&G, PETROCHEMICALS AND POWER

- Crude oil and natural gas production
- Crude oil and natural gas refining
- Gas-to-liquids production
- Hydrogen power generation
- Liquefied natural gas ("LNG") production
- Oil sands upgrading
- Once through steam generation
- Power generation
- Waste heat recovery

Geographic Markets

85 COUNTRIES AND TERRITORIES

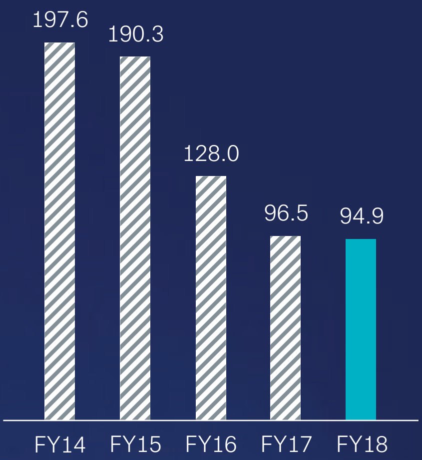
- Africa
- Asia Pacific
- Australia & Oceania
- Europe
- Middle East
- North America
- South America

Performance Highlights

Division Revenue (S$'m)

S$94.9 million

Year-on-year ↓ **2%**

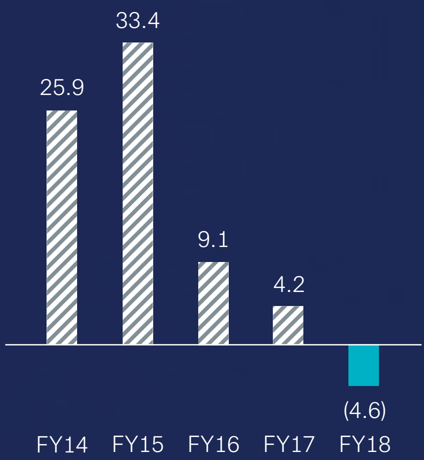


- Delays in major O&G expenditures by clients

Division Loss Before Income Tax (S$'m)

S$4.6 million

Year-on-year **NM**

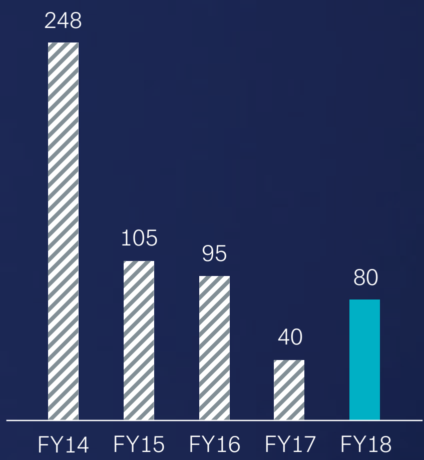


- Currency exchange losses and allowance for impairment of inventories

Division Contracts Secured (S$'m)

S$80 million

Year-on-year ↑ **100%**



- Bottoming out of global O&G multi-year recession

ENERGY-RELATED ENGINEERING


Hot oil heaters, Norway

In FY2018, our Energy-Related Engineering Division was adversely impacted by the continued recession in the global O&G industries, resulting in a continued – albeit smaller – decline in revenue to S$94.9 million and a loss before income tax of S$4.6 million compared to the previous year's profit before income tax of S$4.2 million. On a positive note, the division secured S$80 million in contracts which was double that of the previous year, and would have stayed profitable if S$3.7 million in currency exchange losses and S$2.7 million in allowance for impairment of inventories were excluded.

With the global O&G industries adjusting to an environment of lower crude oil prices and an increasing number of projects progressing towards final investment decisions ("FIDs"), we are cautiously optimistic on the prospects for our Energy-Related Engineering Division.

Boustead International Heaters

Boustead International Heaters ("BIH") is a leading global specialist in designing, engineering and supplying direct-fired process heater systems, waste heat recovery units ("WHRUs") and associated equipment for the global O&G, petrochemical and energy industries.

In FY2018, BIH progressed on schedule with over 20 projects across six continents. In terms of product revenue mix, process heater systems contributed nearly two-thirds of total revenue, with the remainder evenly split between WHRUs and services and spares. The vast majority of projects were for oil refineries, gas processing plants and petrochemical plants.

BIH's revenue and profitability continued to be impacted by the decisions of many major O&G corporations to defer FIDs on major greenfield developments, instead leaning towards smaller capital expenditures for upgrading and refurbishment projects. Geographically, North America, the Asia Pacific and Middle East were BIH's most important regions in FY2018, contributing approximately 70% of revenue and 100% of new contracts secured. North America remains a key market where BIH successfully delivered a large-scale WHRU at the US' largest LNG export plant under development.

Despite the challenging market, BIH successfully secured one of the largest process heater system projects in the US for a new isobutane dehydrogenation plant, having previously delivered four similar process heater systems to one of the world's largest chemical corporations back in FY2014. While the contract was BIH's largest in three years, it was one of only two contracts for process heater systems during FY2018. Conversely, demand for WHRUs recovered in FY2018, with BIH picking up six contracts for WHRUs, representing a level not seen since FY2015.

Going forward in FY2019, BIH expects the improving upstream O&G market to have a corresponding effect downstream and positively impact the number of petrochemical projects reaching FID, along with the recovering market for WHRUs.

Boustead Controls & Electrics

Boustead Controls & Electrics ("BC&E") is a well-recognised leader in designing, engineering and supplying emergency shutdown and process control systems for the upstream O&G industries.

In FY2018, BC&E's revenue and profitability were impacted by the challenging conditions and increasingly stringent local content requirements, with lower enquiries and contracts awarded across the industries despite an improvement in crude oil prices. BC&E continued to secure and execute projects under stringent project cost controls. Wellhead control panels ("WHCPs") and hydraulic power units ("HPUs") dominated a major part of BC&E's business.

Geographically, BC&E's traditional key markets in the Middle East and India continued to take centre stage, making up the majority of revenue and new contracts secured. However, Saudi Arabia enforced increasingly stringent local content requirements, while India slowed capital expenditure. In Saudi Arabia, BC&E overcame intense competition and local content requirements to secure and deliver two contracts for hydraulic wellhead emergency shutdown systems for repeat end-user client, Saudi Aramco. In India, BC&E delivered WHCPs, HPUs, fire & gas systems and safety shutdown systems to many well platforms of Oil & Natural Gas Corporation, another important repeat end-user client.

During the year, BC&E successfully achieved pre-qualification as an approved vendor for two national oil companies in the Middle East and South East Asia, a development expected to enhance its market share as well as diversify its base going forward. Operations in the Middle East and South Asia have been strengthened with the expansion of an engineering base in India, opening of a factory and workshop in the UAE and progress on setting up local operations in Saudi Arabia.

With the market expected to remain challenging in FY2019, BC&E will continue to focus on opportunities in the Middle East, India and Asia Pacific through business development and the expansion of operations in key markets.

Boustead Salcon Water Solutions
Boustead Salcon Water Solutions ("BSWS") is a leading global water and wastewater engineering specialist and Singapore's largest in the energy sector.

During FY2018, BSWS progressed on over 15 industrial water and wastewater treatment projects across eight countries and territories in Africa, the Asia Pacific and Middle East. Revenue doubled from the previous year, driven by BSWS' progress on its largest project in Central Java, which positively impacted profitability. South East Asia remained the most important market in FY2018, contributing over 75% of revenue and more than half of new contracts secured. On the business development front, BSWS secured its highest value of contracts since FY2014.

In Indonesia, BSWS advanced on eight projects, of which six are in the power industry. In Java, BSWS progressed on water and wastewater treatment plants for Tanjung Jati B Power Plant Phases 5 and 6, Tanjong Priok Power Plant Jawa 2 and Lontar Extension Power Plant, and proceeded on its largest project for seawater desalination, demineralisation and wastewater treatment plants for the country's first ultra supercritical power plant in Central Java. At Tanjung Jati B Power Plant Phases 5 and 6, BSWS is set to deliver a 100,320 cubic metres/day condensate polishing plant, making further inroads into high pressure condensate polishing plant applications and marking BSWS' fifth project at the power plant. BSWS also secured a contract to deliver remineralisation and wastewater treatment plants to repeat client, BP Berau at the Tangguh LNG Train 3.

Elsewhere in South East Asia, BSWS progressed on deliveries of water and wastewater treatment plants for the Talin Thermal Power Plant in Taiwan, Duyen Hai 3 Expansion Power Station in Vietnam, and Sebarang Prai Power Plant and Bokor Phase 3 in Malaysia.

In Saudi Arabia, BSWS secured two effluent treatment plants ("ETPs") for Farabi's petrochemical plants in Jubail and Yanbu. The ETPs include oil water separation, moving bed biofilm reactor treatment and volatile organic compound removal filtration, followed by nano-filtration and evaporator systems to create a zero liquid discharge process.

Making inroads into a new vertical market, BSWS clinched its first contract for a produced water treatment plant to be delivered to Mozambique's first offshore O&G project.

Going forward in FY2019, in addition to its traditional projects, BSWS is also well-positioned to take on challenging projects given its growing track record in delivering produced water treatment, high pressure condensate polishing plants and ETPs for the petrochemical industry.

FY2018 Highlights

Apr – Jun 2017
S$13 million
Middle East, South East Asia
Process heater system, process control systems, and water and wastewater treatment plants

Jul – Sep 2017
S$18 million
Africa, Middle East, South Asia, South East Asia
WHRUs, process control systems, and water and wastewater treatment plants

Oct – Dec 2017
S$28 million
Africa, Australia, North America, South Asia
Process heater system, WHRUs and process control systems

Jan – Mar 2018
S$21 million
Middle East, North America, South Asia, South East Asia
WHRUs, process control systems, and water and wastewater treatment plants

REAL ESTATE SOLUTIONS

Our Real Estate Solutions Division is under 53.0%-owned subsidiary, Boustead Projects Limited ("Boustead Projects") which is separately listed on the SGX Mainboard.

Artist's impression of Bolloré Logistics Blue Hub, Singapore

Market Sectors

- Aerospace and transportation
- Business park & commercial
- Engineering
- Food
- Healthcare and pharmaceutical
- High-tech manufacturing
- Info-communications
- Lifestyle
- Logistics
- Oil & gas ("O&G")
- Precision engineering
- Research & development ("R&D")
- Technology
- Waste management

Geographic Markets

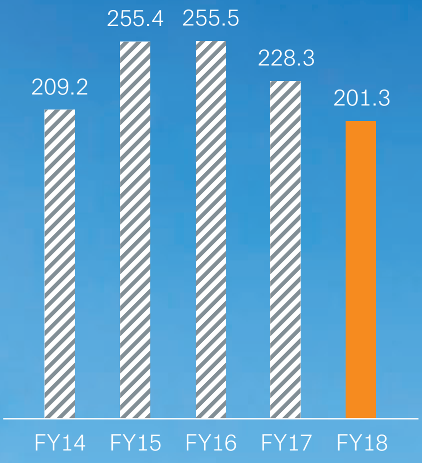
- China
- Malaysia
- Singapore
- Vietnam

Performance Highlights

Division Revenue (S$'m)

S$201.3 million

Year-on-year ↓ **12%**

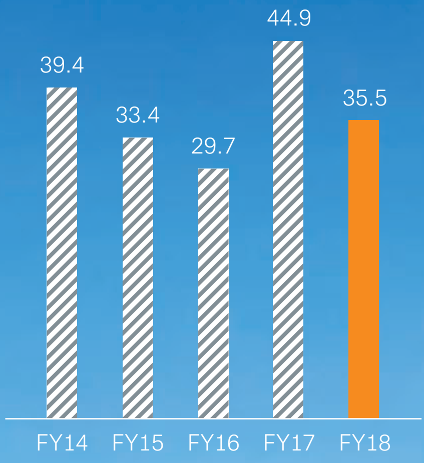


- Lower revenue contributions from both design-and-build and leasing businesses

Division Profit Before Income Tax (S$'m)

S$35.5 million

Year-on-year ↓ **21%**

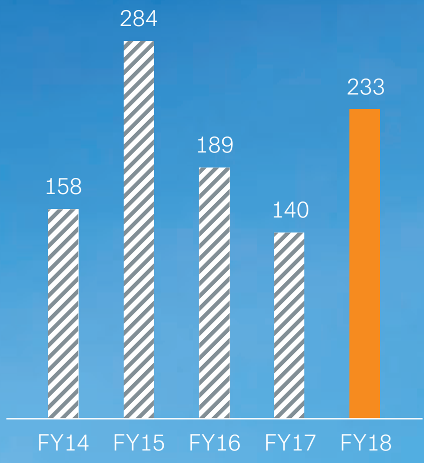


- Absence of sizeable non-recurring other gains recorded in previous year

Division Contracts Secured (S$'m)

S$233 million

Year-on-year ↑ **66%**



- Successful design-and-build business development efforts

REAL ESTATE SOLUTIONS

GSK Asia House, one-north, Singapore

Boustead Projects 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, Boustead Projects has constructed and developed more than 3,000,000 square metres of industrial real estate regionally in Singapore, China, Malaysia and Vietnam. Boustead Projects 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.

Boustead Projects is a leader in pioneering advanced eco-sustainable facilities under the BCA's Green Mark Programme and US Green Building Council's Leadership in Energy & Environmental Design (LEED) Program. In Singapore, Boustead Projects is one of only ten bizSAFE Mentors and also a bizSAFE Star.

For the eleventh consecutive year, Boustead Projects topped the division revenue contributors, registering revenue that was 12% lower year-on-year at S$201.3 million, on lower revenue contributions from both the design-and-build and leasing businesses amid the challenges of the industrial real estate sector. Profit before income tax ("PBT") was 21% lower year-on-year at S$35.5 million, on an absence of one-off other gains.

Design-and-Build Business

In FY2018, design-and-build revenue fell 13% year-on-year to S$169.9 million, impacted by an unusually low total value of contracts secured in FY2017 for revenue conversion in FY2018, in addition to a major project for GSK Asia House with significant contract value completed in FY2017 that contributed to higher design-and-build revenue recorded for that period. This was partially offset by design-and-build revenue converted from contracts secured during FY2018, as business development efforts yielded 13 contracts worth S$233 million, compared to the previous year's S$140 million.

FY2018 Highlights

Jun 2017

Singapore
Awarded contract for hazardous chemical waste treatment facility from Veolia

Aug 2017

Singapore
Awarded contract for advanced ramp-up logistics facility from Yusen Logistics

Sep 2017

Malaysia
THAB completed iBP @ Nusajaya and logistics hub at Port of Tanjung Pelepas, Iskandar Malaysia

Sep 2017

Singapore
Entered into sale and purchase agreement for sale of 25 Changi North Rise (sale completed in Jun 2018)

Oct 2017

Singapore
Awarded S$56 million in contracts for industrial waste management complex, additions & alterations and fitouts

Despite lower design-and-build revenue, design-and-build PBT grew 41% year-on-year to S$21.0 million, mainly achieved through productivity improvements, the unlocking of project cost savings and conversion of projects with higher margins.

During the year, Boustead Projects completed 14 projects spanning the automotive, data centre, healthcare and pharmaceutical, lifestyle, logistics, O&G, precision engineering and R&D industries.

Boustead Projects' landmark project for the year was ALICE @ Mediapolis, an 11-floor multi-tenanted smart business park development at one-north, JTC Corporation ("JTC")'s world-class 200-hectare innovation cluster. Developed by the Boustead Development Partnership ("BDP"), ALICE's design and construction is being undertaken by Boustead Projects E&C Pte Ltd ("BP E&C") – which is Boustead Projects' wholly-owned design-and-build subsidiary taking care of design-and-build activities – and is currently progressing on schedule with expected completion in 3Q FY2019.

ALICE showcases Boustead Projects' productivity-focused approach supported by integrated digital delivery that deploys digitalisation and cloud-based technologies, and transformative methodologies like building information modelling, virtual design and construction, and design for manufacturing and assembly. These methodologies have been extensively adopted in the design, construction, project management and delivery of ALICE, further assisted by the use of drones for aerial imaging, site surveillance and eventually the marketing of ALICE as well. Another first in the industry, ALICE has adopted large-scale prefabricated bathroom units ("PBUs") using prefabricated, prefinished volumetric construction, moving beyond the norm of small PBUs in the residential sector.

Separately under development by the BDP, Boustead Projects completed construction of Continental Building Phase 3 at the Kallang iPark.

In the data centre arena, Boustead Projects completed a sizeable full-scale data centre for a repeat client, one of Singapore's largest SGX-listed conglomerates. This project is anticipated to rate highly on the BCA's Construction Quality Assessment System (CONQUAS â). This also strengthened Boustead Projects' track record in the design-and-build of data centres, a higher value industry that Boustead Projects continues to target.

Further strengthening Boustead Projects' track record with repeat clients, Boustead Projects delivered second and third projects for AIMS AMP Capital Industrial REIT. One project was for a redevelopment of two industrial facilities into a single three-storey industrial facility in Tuas suitable for production and logistics, while the other project was for a five-storey industrial facility in Marsiling which serves as the new headquarters of Beyonics.

During FY2018, BP E&C achieved a Green and Gracious Builder Award (Excellent) under the BCA's Green and Gracious Builder Scheme, an upgrade from the Merit attained in 2015, reflecting Boustead Projects' continued commitment to being an environmentally and socially responsible builder.

Overseas, five existing projects in Malaysia were completed. Three of these were within Iskandar Malaysia, comprising an eco-packaging facility near the Port of Pasir Gudang and two developments undertaken through an associate: iBP @ Nusajaya, a premier freehold business park, and a multi-tenanted logistics hub at the Port of Tanjung Pelepas. Along Peninsular Malaysia's eastern coast, construction works for two projects at a petrochemical complex were completed.

Nov 2017

Singapore, Vietnam
Awarded S$67 million in contracts for advanced logistics facility and manufacturing facility expansion

Dec 2017

Singapore
Awarded contract for advanced ramp-up logistics facility from Bolloré Logistics

Dec 2017

Vietnam
Entered into agreement to sublease 186,903 sqm of land for 40 years from Thao Dien at Nhon Trach 2 – Nhon Phu Industrial Park

Mar 2018

Singapore
BDP conducted marketing launch of ALICE @ Mediapolis, one-north and completed Continental Building Phase 3 at Kallang iPark

REAL ESTATE SOLUTIONS


Artist's impression of Boustead Industrial Park, Vietnam

In FY2018, Boustead Projects' business development efforts yielded 13 contracts worth S$233 million amid a challenging market. Nine contracts were secured in Singapore, four from the logistics industry and two from the waste management industry, with the remainder awarded by repeat clients for additions & alterations and fit-outs. Three of the four logistics industry projects are for advanced, highly-automated next-generation logistics facilities awarded by the world's leading third-party logistics providers, two of which are repeat clients, reaffirming Boustead Projects' position as the preferred design-and-build partner for the logistics industry in the age of Industry 4.0, and further extending Boustead Projects' logistics track record to over a million square metres of gross floor area ("GFA").

Riding on Vietnam's robust economic recovery, Boustead Projects picked up four contracts there, including a design-and-build contract from a repeat client for a power solutions manufacturing facility expansion. Boustead Projects will continue to focus on strengthening the foothold in Vietnam and expects the design-and-build business to synergistically grow with development endeavours there.

Leasing Business

In FY2018, leasing revenue declined 5% year-on-year to S$31.5 million, mainly due to the lease expiry of 85 Tuas South Avenue 1 in January 2018 and lack of contribution from 36 Tuas Road due to an early lease termination in 4Q FY2017, partially offset by contributions from new leases, as well as development management fees from the BDP.

During the year, the BDP completed the development of Continental Building Phase 3, a R&D centre expansion for Continental Automotive, which is now linked to Continental Building Phases 1 and 2 completed in 2012 and 2014 respectively under design-build-and-lease arrangements. This takes the total GFA of the combined Continental Building to 27,338 square metres of space dedicated to high value R&D activities related to advanced automotive systems.

The BDP also progressed on schedule with the development of the landmark ALICE. The first truly smart building in any business park in Singapore, ALICE's 11 floors will host a thriving and synergistic ecosystem of established multinational corporations and fast-growing ventures in the info-communications, media and technology industries when completed in 3Q FY2019. ALICE's physical environment comes complete with amenities, collaborative spaces, shared media facilities and an artistically decorated and green landscape, bundled with smart building solutions that are holistically designed to enhance user experience. For its achievements in eco-sustainability, ALICE was awarded the Green Mark Platinum.

Integrated with a smart building management system, an ALICE app designed by Boustead Projects in collaboration with Habitap – a leading homegrown proptech firm – will provide ALICE's tenants and registered visitors with the ability to use mobile phones to gain access to the building, in-app concierge services and engage the ALICE community through posts and events notifications. The ALICE app will also provide tenants the ease of accessing common building services such as air conditioning extension, carpark season parking, facilities booking, fault reporting and real-time energy consumption monitoring with a few clicks on the ALICE app. The tenant interface has also been tied to the smart building management system, providing a single and comprehensive data analytics-driven backend system for operations and facilities management, and greatly reducing manual tasks and the number of facilities management staff.

In Malaysia, Boustead Projects completed a logistics hub at the Port of Tanjung Pelepas, which is a development under Boustead Projects' associate, THAB Development Sdn Bhd ("THAB"). The logistics hub is catered to corporations looking for quality logistics space located at the port, with half of the space already leased to an anchor tenant.

On the business development front, Boustead Projects secured a maiden land acquisition in Vietnam in December 2017, entering into an agreement to sublease land from Thao Dien Real Estate Corporation ("Thao Dien") for the development of the Boustead Industrial Park within Nhon Trach 2 – Nhon Phu Industrial Park. The site's close proximity to Ho Chi Minh City and within the south east economic zone makes it a strategic location for logistics. The total land area is 186,903 square metres and will be leased to Boustead Projects for approximately 40 years up until February 2057. Boustead Projects started construction of ready-built industrial facilities on the first 60,000 square metres of land and has also commenced marketing activities.

In September 2017, Boustead Projects entered into an agreement to sell 25 Changi North Rise for S$10.5 million. This decision was made in consideration of the relatively short land lease tenure remaining for the property of under 20 years. Following the receipt of approval from JTC for the sale, Boustead Projects completed the transaction in June 2018.

With the additions of Continental Building Phase 3 and the logistics hub under THAB, the number of completed properties in Boustead Projects' leasehold portfolio* increased to 19. The eventual completion of ALICE in 3Q FY2019, is expected to increase the leasehold portfolio* to over 275,000 square metres in GFA and with a total market valuation approaching S$800 million, supported by a relatively well-staggered lease expiry profile, and well-diversified and reputable tenant base. At the end of FY2018, Boustead Projects' completed wholly-owned leasehold properties** comprised over 174,000 square metres in GFA, had an overall occupancy rate of 83% and a weighted average lease expiry ("WALE") of almost four years, while completed jointly-owned leasehold properties comprised over 61,000 square metres in GFA, had an overall occupancy rate of 77% and a WALE of almost seven years.

Strategic Partnerships & Investments

Boustead Projects' current partnerships include the BDP in Singapore, THAB in Malaysia and a consortium led by SGX-listed Perennial Real Estate Holdings Ltd ("PREH") in China.

Established in 2014, the BDP is our co-investment partnership with a reputable Middle East sovereign wealth fund. Under the BDP, we possess a strategic joint venture platform to undertake sizeable development and redevelopment projects for industrial real estate in Singapore. FY2018 was another active year for the BDP, as detailed earlier. The BDP successfully completed a third development – Continental Building Phase 3 – and progressed on track with ALICE, which achieved a well-received marketing launch near the close of FY2018.

Established in 2013, THAB is a strategic partnership platform that Boustead Projects formed with AME Construction Sdn Bhd, Tat Hong Holdings Ltd and CSC Holdings Ltd to address a growing presence in Malaysia. During FY2018, THAB completed two developments: iBP @ Nusajaya, a premier freehold business park located in the Southern Industrial & Logistics Clusters of Nusajaya (Flagship Zone B) and a multi-tenanted logistics hub at the Port of Tanjung Pelepas (Flagship Zone C).

In China, Boustead Projects holds a 4% stake in Beijing Tongzhou Integrated Development Phase 1 – a mixed-use Grade A iconic landmark development at the centre of Beijing Tongzhou's new Central Business District – through a consortium led by PREH. Phase 1 features a proposed 414,000 square metres of GFA with an eight-level retail podium, two office towers and one residential tower, and is due to be completed by 2021.

With conditions in Singapore's real estate market sector expected to remain challenging in FY2019, Boustead Projects will continue to focus on capturing opportunities in higher value industries, driving cost and productivity improvements, and further expanding regionally. Boustead Projects will also continue to expand the leasehold portfolio of income-generating properties through pursuing opportunities under the BDP and other joint ventures. Boustead Projects aims to penetrate certain high barrier to entry industries and overseas geographic markets by acquiring the necessary capabilities through means such as acquisitions, investments or strategic partnerships.

* *Includes both wholly-owned and jointly-owned properties, and also 25 Changi North Rise (sale completed after the end of FY2018).*
** *Includes 25 Changi North Rise (sale completed after the end of FY2018).*

GEO-SPATIAL TECHNOLOGY

Our Geo-Spatial Technology Division's key subsidiaries – Esri Australia, Esri Singapore, Esri Malaysia and Esri Indonesia – provide professional services and exclusively distribute Esri geo-spatial technology, the world's leading geographic information system ("GIS") to major market sectors across Australia and parts of South East Asia.

Market Sectors

ALL INDUSTRIES

- Agribusiness
- Architecture, engineering and construction ("AEC")
- Banking
- Defence and intelligence
- Education
- Emergency services
- Energy, oil & gas ("O&G") and renewables
- Environmental management
- Government
- Health and human services
- Infrastructure
- Insurance
- Law enforcement
- Mining
- Non-profit organisations
- Plantation
- Ports and maritime
- Real estate
- Retail
- Telecommunications
- Transport and logistics
- Utilities

Geographic Markets

8 COUNTRIES AND TERRITORIES

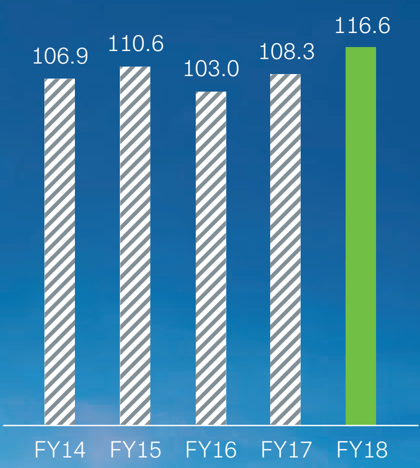
- Australia
- Bangladesh
- Brunei
- Indonesia
- Malaysia
- Papua New Guinea
- Singapore
- Timor-Leste

Performance Highlights

Division Revenue (S$'m)

S$116.6 million

Year-on-year ↑ **8%**

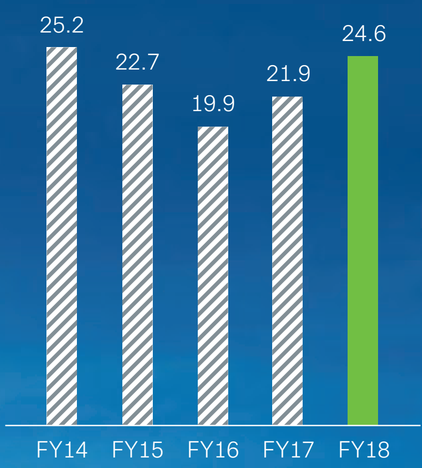


- New division revenue record on steady demand across Australia and South East Asia

Division Profit Before Income Tax (S$'m)

S$24.6 million

Year-on-year ↑ **12%**

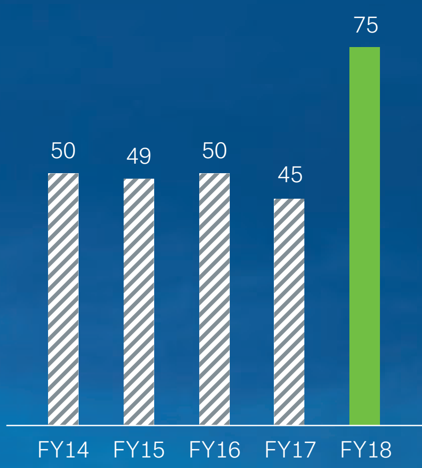


- Steady margins and less currency exchange headwinds

Division Enterprise Agreement and Deferred Maintenance Unrecognised Revenue at Year-End (S$'m)

S$75 million

Year-on-year ↑ **67%**



- Successful recurring income business development efforts

GEO-SPATIAL TECHNOLOGY

Screenshot of award-winning platform, Smarter Planning Perth, Australia

Our Geo-Spatial Technology Division's intelligent mapping platform and digital infrastructure solutions are essential to creating smart nations, smart cities and smart communities by solving the world's most complex problems through effective and sustainable planning, deployment and management of key infrastructure and resources. Our division is also ranked among the top three exclusive distributors in Esri Inc's global network, with our division's client base numbering over 13,000 organisations regionally.

In FY2018, our division achieved 8% year-on-year growth to reach a new revenue record of S$116.6 million, on steady demand across exclusive markets in Australia and South East Asia. Boosted by the strong topline, steady margins and less currency exchange headwinds, profit before income tax ("PBT") climbed 12% year-on-year to S$24.6 million. Smart city transformations continued to drive demand for geo-spatial technology capabilities across our division's geographic markets, supported by sustained demand from government agencies. FY2018 saw our division further increase engagement with traditional clients, as well as strengthen a foothold in non-traditional industries.

From a global perspective, the 'Smart City' concept continues to be one of the biggest drivers of demand for GIS technology. In Australia, new revenue opportunities appeared from 'Smart City 4.0' phenomena – a rethink of the traditional smart city approach to account for Industry 4.0, where Internet of Things ("IoT") and other technologies seamlessly fuse the digital and physical worlds. In this era, smart cities are positioned as the facilitators of smart services, and citizens as co-collaborators who contribute data and insights through IoT sensors and other technology channels. 'Smart City Thinking' – a thought process that underpins all efforts to engineer urban environments where the quality of life for citizens is the central focus – has also been embraced across South East Asia, with GIS technology deployed to connect disparate data sources in a manner that enables the weaving of intricate networks of intelligent

FY2018 Enterprise Agreement Highlights

Jul 2017

Australia
Defence

Jul 2017

Australia
Queensland Government Department of Natural Resources, Mines & Energy

Jul 2017

Australia
Government of South Australia

Jul 2017

Australia
Energex

applications, information hubs and smart workflows.

As a global technology enabler, Esri Inc's latest release of its flagship ArcGIS technology platform – ArcGIS 10.6 – in January 2018 further reinforces the technology's value as a key 3-D and data analytics mapping platform, with new capabilities including expanded visual analytics, enhanced collaboration abilities, real-time data management and seamless integration with a growing range of IoT technologies.

Esri Australia

In FY2018, Esri Australia continued to be the largest contributor and key driver of growth for our division's revenue and PBT. Esri Australia performed strongly, achieving high single-digit revenue growth and double-digit profitability growth year-on-year. An external driver of this growth was increased uptake in Esri Australia's Cloud-based managed solutions division with ArcGIS Online, Cloud services and Enterprise Agreements ("EAs") accounting for approximately one-third of total revenue.

While core software sales remained strong, it was Esri Australia's managed solutions division that demonstrated the greatest transformation. Hosted GIS 'As a Service' offerings continue to be a key growth area for Esri Australia, including the local 'Platform as a Service' ("PaaS") offering and ArcGIS Online 'Software as a Service' ("SaaS") offering. This steady growth reflects the growing global trend of organisations adopting managed solutions over traditional on-premise models.

During the year, Esri Australia continued to provide important capabilities to the mining, energy, O&G and renewables industries. Woodside – Australia's largest independent O&G corporation with a global portfolio – undertook a migration of its entire enterprise GIS platform into the Cloud to address a steady increase in demand for spatial capabilities from a broad number of its business units around the world. Woodside's new flexible and robust hosted ArcGIS platform automatically scales to meet demand globally, providing a solid foundation for supporting current requirements and serving as a springboard for expanding use and delivery of GIS to areas such as data science, exploration and operations. It also ensures that Woodside's workforce remains focused on achieving business outcomes, as the solution and back-office work is managed entirely as a service by Esri Australia.

In the mining sector, Esri Australia worked with South32 to develop a strategic, best-practice approach to deploying an enterprise GIS platform, following a demerger from BHP Billiton that saw each of South32's regional offices operating independent IT systems. By consolidating previously siloed spatial information into one overarching platform with a robust and secure data management and governance framework, the solution has improved operational efficiencies and reduced organisational risk by delivering one source of high quality information to decision makers at all levels.

FY2018 also saw growing demand from organisations seeking to deploy capabilities and workflows made possible with GIS technology, via fit-for-purpose SaaS applications. This demand was successfully met with Esri Australia's self-developed SmarterWX, an innovative capital works management tool that allows agencies to collaborate to achieve more efficient and cost-effective public works programmes. The tool transforms a traditional public works pain point into an opportunity to demonstrate excellence in service delivery and community leadership as real-time public works schedules are shared to dynamically identify opportunities for collaboration and share costs of surveying, excavation, traffic management and road resurfacing. Community complaints around public works are also reduced by minimising traffic disruptions and repeated road damage.

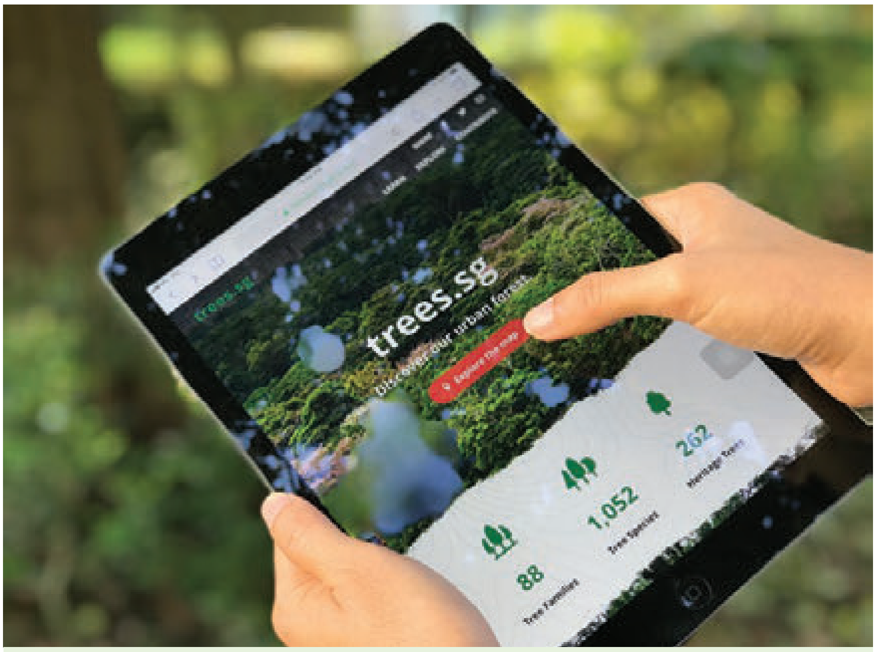
Aug 2017
Australia
Victoria Police

Oct 2017
Malaysia
Petronas

Feb 2018
Singapore
Ministry of Home Affairs

Mar 2018
Australia
Woodside

GEO-SPATIAL TECHNOLOGY



National Parks Board Singapore trees.sg platform, Singapore
(Image courtesy of National Parks Board Singapore)

Already being used by 21 organisations including councils, state government agencies and utilities nationwide, demand for SmarterWX continues to grow. Several government agencies have partnered with Esri Australia to use SmarterWX to develop further solutions, including iWORCS together with the New South Wales ("NSW") Streets Opening Coordination Council and Sydney Water, and Smarter Planning Perth, which was recognised as best practice at the Spatial Industries Business Association Western Australia Spatial Awards in November 2017.

During the year, Esri Australia secured a number of new and renewed EAs, with organisations including the Department of Defence ("Defence"), Icon Water, Northern Beaches Council, Oz Minerals, and Queensland Reconstruction Authority committing to multi-year arrangements. The EA from Defence was the most significant contract, with expected revenues of over S$20 million across three years.

From an industry perspective, FY2018 saw growth and a stronger foothold gained in a broad range of key sectors including education, emergency services, law enforcement, government and utilities. This growth was a result of highly targeted engagement programmes and heightened education efforts in these sectors. In non-traditional industries, further progress was made in penetrating banking, insurance, real estate and telecommunications with clients including Jones Lang LaSalle and Telstra.

In the realm of law enforcement, an EA with NSW Police – Australia's longest-standing and largest police organisation – delivered two critical projects in FY2018. The first was a situational awareness application, which integrates advanced location-based analytics and maps into NSW Police's key intelligence platform, enabling police analysts to derive critical location-based insights into crimes such as money laundering, organised crime and terrorism. Esri technology was also used to underpin a new mobile application to ensure the safety of police officers when on patrol or responding to events, by allowing them to quickly understand an area and highlight key threats, landmarks or historical police insights that may impact safety or response strategy.

Esri Australia also sprung into action in proactive emergency services and disaster recovery. Together with the Australian Capital Territory's Emergency Services Agency, a tool was developed that uses advanced location-based analytics and LiDAR imagery to automatically analyse and calculate the potential impact of bushfires in any given neighbourhood, and ensure an effective mitigation strategy is put in place at a much faster rate than previously possible.

Esri Australia's work in helping disaster-struck areas continued. When Tropical Cyclone Debbie struck Queensland in early 2017, Ergon Energy relied on Esri technology to respond and restore power to its over 65,000 customers across the state. The restoration effort involved managing more than 900 field staff and contractors who reconnected all customers within a three-week period, along with supporting cyclone tracking, damage assessments, flooding and restored areas. Separately, following a blackout that affected the entire state of South Australia in September 2016, the state's sole electricity distribution provider, ElectraNet required a new robust GIS platform to improve disaster response and recovery strategies. In March 2018, ElectraNet signed with Esri Australia to create a network management solution to more effectively manage its dispersed assets, stakeholders and workforce.

'Smart City 4.0' phenomena has unlocked significant opportunities for Esri Australia, particularly with the launch of ArcGIS Hub, a new Esri platform that supports collaboration between government agencies, businesses, citizens and their communities to deliver fully optimised services and accomplish data-driven initiatives. An early adopter is Moreton Bay Regional Council, with product usage expected to gain momentum in FY2019. To further service the demand for smart cities, Esri Australia is developing a Local Government Access ("LGA") Programme in consultation with councils that will provide entry-level access to Esri technology. Launching in FY2019, the LGA Programme is expected to connect with new local councils by providing them with access to capabilities, efficiencies and insights that may have previously been out-of-reach due to budget and other resourcing constraints.

The AEC industry also continues to invest in GIS technology as a key platform in its digital transformation strategies. In recent years, there has been a growing trend towards enabling greater synergy between GIS and building information modelling technology platforms to ensure optimal infrastructure design. In particular, Esri Inc and Autodesk announced in FY2018, that they will collaborate on optimised designs, accelerated project approvals, reduced costs, smarter cities and more resilient infrastructure. Apart from Autodesk, Esri Australia also continued to deepen relationships with global technology firms such as Amazon, IBM, OSIsoft and SAP to facilitate new opportunities in target sectors. The Esri Start-Up Programme also saw organic growth, with groups including Education Geographics and Pinnacle Vegetation Solutions joining the programme.

Esri Australia continued its internal transformation programme aimed at positioning the company to take advantage of the changing marketplace. The second phase of the programme is expected to refine human resource practices to improve productivity and staff satisfaction, in turn leading to improved client engagements. There is also an ongoing programme to deepen and expand existing client relationships and extend the tenure of engagements, which involves examining and refining the client experience, and identifying areas where additional value may be delivered. This ongoing programme of work, with transformation of customer-facing processes, is expected to continue over the coming years.

Going forward in FY2019, Esri Australia will drive business development activities targeting new opportunities. Emphasis will be placed on 'Smart City 4.0' phenomena, growing usage of programmes such as ArcGIS Hub and LGA Programme. Providing GIS and Cloud capabilities 'As a Service' offerings will also remain a key area of focus for Esri Australia for FY2019 and beyond. As consumers' software usage habits continue to shift – seeing an evolving mix of revenue streams including traditional software sales, EAs, SaaS and Cloud sales, after-sales maintenance, training and app development – Esri Australia will continue the ongoing internal transformation programme to ensure alignment with this journey.

Esri Singapore

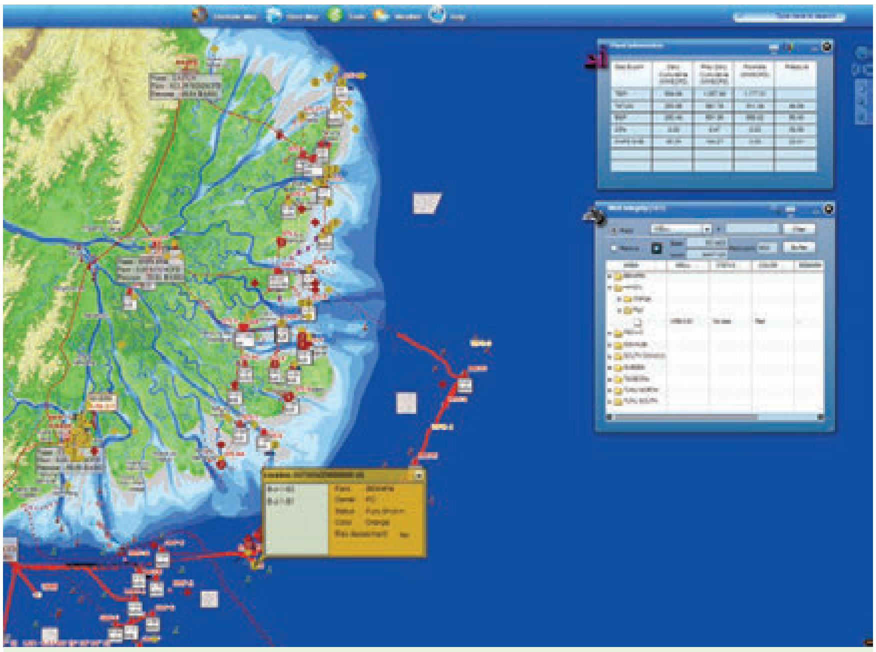
In FY2018, Esri Singapore achieved a level of revenue performance comparable with the previous year, and remained the largest contributor to the revenue and profit among our division's Asian markets. Esri Singapore built on a strong previous year to deepen engagements with clients, including signing the largest and most significant EA in Esri Singapore's history – a renewed multi-year deal with the Ministry of Home Affairs. As an indicator of the growing breadth and potential of the user community, Esri Singapore also saw a record number of organisations and delegates participate in events, with more than 650 users attending both the annual user conference and National Security Summit.

A number of projects completed in FY2018 demonstrate Esri Singapore's commitment to smart city initiatives, both in terms of city infrastructure design and service delivery. This includes a programme with the Waste Management & Recycling Association of Singapore in which Esri's location-based analytics capabilities, combined with IoT sensor data, provide decision makers with the capability to maximise mobile workforces and efficiently deploy resources. Esri Singapore also supported the Singapore Land Authority ("SLA"), Urban Redevelopment Authority ("URA"), Land Transport Authority, SingHealth, PUB, Singapore Power and the nation's defence, intelligence and public safety agencies in deploying Esri technology to weave an intricate network of intelligent applications, information hubs and smart workflows, with their efforts being key in establishing Singapore's credentials as a smart city entrepreneur and Smart Nation.

Building on Esri Singapore's brand profile as the Official Smart Map Partner of the 28th South East Asian Games in FY2016, Esri Singapore became the Official Smart Map Partner of the 2017 National Day Parade, partnering with the Ministry of Defence to deliver a smart-mapping event management tool that underpinned the planning and real-time management of the nation's largest annual event. Organisers were able to easily identify potential issues and make informed decisions on crowd safety, incidences, parade routes, spectators, vehicle movements and volunteers.

In partnership with the SLA and Nanyang Polytechnic ("NYP") School of Engineering, Esri Singapore was involved in the development of the Campus Navigation System, a smart app which has set a new regional benchmark in university service by providing a detailed interactive map of NYP's campus that guides users on the most efficient routes to lecture halls, tutorial rooms and other important facilities. Esri Singapore is currently working with the National University of Singapore ("NUS") to develop Virtual NUS, which will eventually create a detailed

GEO-SPATIAL TECHNOLOGY



Screenshot of Total E&P GIS solution, Indonesia
(Image courtesy of Pertamina)

interactive 3-D model of the NUS campus for enhanced research and development purposes.

Esri Singapore also provided guidance and support to a number of government agencies to deliver projects with significant environmental benefits. Esri technology underpins a number of the National Parks Board's research, planning and operational functions. Through MAVEN, a platform that consolidates various geo-spatial databases, officers are able to easily access a range of information needed for day-to-day operations. Esri technology also supports public facing applications, such as www.trees.sg – an online platform for the community to learn about Singapore's trees. Over 500,000 urban trees have been plotted individually on the interactive map, allowing members of the public to use it to locate trees, learn about different species and how they are cared for.

The Esri Singapore Innovation & Jumpstart Programme ("ESIJP") continued to be in focus during FY2018, as a way to ensure that GIS remains front of mind with the country's innovators and is also used as a foundation platform for new applications and projects. Esri Singapore became a founding partner of the SLA's new incubator, GeoWorks, which was launched in October 2017. GeoWorks aims to bring together corporations and users that tap into location-based data, to help local start-ups with a geo-spatial focus to grow and prosper.

Going forward in FY2019, Esri Singapore will deepen business developments efforts and engagement with both the private and public sectors, and broaden non-traditional users through initiatives like the ESIJP.

Esri Malaysia

In FY2018, Esri Malaysia consolidated activities for a second consecutive year, delivering revenue comparable to the previous year. A number of long-term partnerships were either renewed or secured that will contribute to recurring revenue in future years, including EAs with Petronas and the MARA University of Technology. As an indicator of the growing breadth and potential of the user community, FY2018 also saw a record number of organisations and delegates attend Esri Malaysia's events.

In FY2018, Esri Malaysia firmly established itself as a regional smart city thought leader, partnering with the Malaysian Centre for Geospatial Data Infrastructure to deliver the Local Government Benchmark Study, the country's first piece of comprehensive research on the use of GIS technology in Malaysia in building smart cities and a sustainable future. 86 local government representatives from 13 states participated, focusing on the key areas of sustainability, safe community initiatives, smart cities, policy development and future technology trends.

Advancing Iskandar Malaysia's goal of becoming a world-class smart city by 2025, Esri Malaysia signed a memorandum of understanding ("MoU") with the Iskandar Regional Development Authority ("IRDA") to collaborate on the Iskandar Malaysia Urban Observatory under a four-year project that will use Esri technology to underpin the IRDA's design, promotion and development activities, acting as a crucial decision making tool that provides a holistic view of the business and socio-economic environment, and overall liveability of communities.

In the domain of emergency services, Esri Malaysia partnered with the Agensi Pengurusan Bencana Negara ("NADMA") to create a real-time GIS platform that incorporates insights from disaster coordination offices in 14 states under the Malaysian National Security Council.
By automating the information updating process, Esri technology has enabled NADMA to achieve significant productivity gains including cutting the time taken to collate insights by 75%. NADMA's offices now update information regarding the status of evacuation centres via a common operating dashboard, ultimately ensuring the efficient allocation of resources during a disaster.

In the field of urban planning, Esri Malaysia partnered Kuala Lumpur City Hall to overhaul Kuala Lumpur's development plan submission approval process, using Esri technology to create a solution that has enabled the plan review process to be reduced from seven days to just three days.

In the state of Negeri Sembilan, Esri Malaysia partnered three state government agencies – specifically the Department of Town & Country Planning, State Economic Planning Unit and Information Technology Management Unit – on Kerajaan N9, which allows key stakeholders to monitor the implementation of development plans over time and enables information to be more freely shared between the local and state governments. Kerajaan N9 has delivered significant benefits across key areas including community education, land search, planning and development, and social welfare.

In the O&G sector, Esri Malaysia was instrumental in the implementation of Petronas Upstream's Play Based Exploration ("PBE"), which is Petronas' strategy to establish best practices in all exploration and production activities. An important aspect of PBE was to establish a standard and integrated exploration database and related analysis tools for reviewing exploration well results, discovered fields and undrilled prospects on a play-by-play basis. PBE also allows geological maps of various types to be integrated with well results to ensure geological knowledge remains updated.

Going forward in FY2019, Esri Malaysia will continue to focus on opportunities across the private and public sectors.

Esri Indonesia

In FY2018, Esri Indonesia achieved healthy growth in revenue, profit and industry reach. This was a result of heightened engagements with senior decision makers in established markets in national security and O&G, as well as establishing a stronger foothold in emerging industries including telecommunications and the commercial sector. Esri Indonesia's software sales, professional services and after-sales maintenance performed particularly well.

In the O&G sector, Esri Indonesia partnered with Total E&P Indonesie (now Pertamina Hulu Mahakam) to create a forward-thinking GIS solution that enables safe control and reliable operations using real-time big data analytics. Integration of vessel movements incorporating IoT technology and previously scattered business data has resulted in significant productivity gains and improved situational awareness, enhancing upstream operational excellence.

Extending its track record in national resilience projects, Esri Indonesia partnered with Labkurtannas to develop an innovative national resilience intelligence capability known as Siskurtannas. Predictive dynamic modelling using spatially enabled big data from across Indonesia's provinces has helped in the development of strategies and policies for scenario planning. Siskurtannas maps, analyses and provides insights through a visually engaging and dynamic map that supports augmented intelligence capabilities to assist decision making processes among the country's high-ranking officials.

Esri Indonesia continued education outreach with MoU signings with Universitas Pembangunan Nasional Veteran Yogyakarta and Institut Teknologi Bandung to provide lecturers and students with access to Esri technology and training. The initiative forms a key component of Esri Indonesia's education strategy, aimed at ensuring Esri technology serves as a key technology platform for the country's future leaders.

Going forward in FY2019, Esri Indonesia plans to further build on growth momentum generated during FY2018.

Regional Accolades

During FY2018, our Geo-Spatial Technology Division's clients continued to be recognised for their achievements with the prestigious Special Achievement in GIS ("SAG") Award, presented by Esri Inc at its annual Esri User Conference held in San Diego. Recipients of the SAG Award are selected from a pool of more than 350,000 private and public sector organisations worldwide to receive the honour, which recognises the innovative use of GIS technology to solve real world challenges. Five of our division's clients from four countries were recipients.

In Australia, the Australian Army won a SAG Award.

In Singapore, the URA won a SAG Award for GEMMA, a cutting-edge geo-analytics tool that provides planning agencies with a common platform to conduct integrated land use planning analysis and simulation.

In Malaysia, the Penang Geographical Information System Centre won a SAG Award for e-Peta, a cutting-edge app that plays a vital role in facilitating collaboration between the state government and various socio-civic organisations.

In Indonesia, two winners of SAG Awards emerged: Bank Muamalat ("BM") and the Indonesian Navy. BM partnered with Esri Indonesia in FY2017 to deploy an innovative GIS solution that cuts the bank's operating costs, optimises network asset performance and increases service quality. The Indonesian Navy won a SAG Award for the Hydro-Oceanography Data Centre, which provides navy, maritime and shipping organisations with access to hydrographic and oceanographic data.

Hand-in-hand with clients and partners, our Geo-Spatial Technology Division continues to enhance our position as the largest and most influential GIS player in the Asia Pacific.

QUALITY, SAFETY & SUSTAINABILITY AWARDS

	Awarded by:			
	BCA / USGBC			
	Green Mark Platinum	Green Mark Gold	LEED Gold	Construction Quality & Other Awards
2018	• ALICE @ Mediapolis			• BP E&C: Green and Gracious Builder Award (Excellent)
2017		• Markono M-Cube • XP Power (Green Mark Gold Overseas)		• BP: Construction Excellence Award for Seagate Singapore Design Center – The Shugart • BP E&C: BIM Gold Award – Organisation Category
2016	• Kuehne + Nagel Singapore Logistics Hub		• Kuehne + Nagel Singapore Logistics Hub	• CONQUAS for Seagate Singapore Design Center – The Shugart
2015	• Edward Boustead Centre • Seagate Singapore Design Center – The Shugart			• BP: Green and Gracious Builder Award (Merit) • BP: Construction Productivity Award – Projects for Edward Boustead Centre • CONQUAS for Edward Boustead Centre
2014	• DB Schenker Shared Logistics Center 3 (Tampines LogisPark)			• BP: Construction Excellence Certificate of Merit for SDV Green Hub • CONQUAS for Kerry Logistics Centre • CONQUAS for ST Electronics Building • CONQUAS for ST Electronics Hub
2013		• Greenpac Greenhub • Jabil Circuit • Kerry Logistics Centre • Satair Airbus Singapore Centre	• Kerry Logistics Centre • SDV Green Hub	• CONQUAS for SDV Green Hub
2012	• SDV Green Hub	• XP Power (Green Mark Gold Overseas)		• CONQUAS for Rolls-Royce Test Bed Facility
2011	• Rolls-Royce Wide Chord Fan Blade Manufacturing Facility • Rolls-Royce Test Bed Facility			
2010		• IBM Singapore Technology Park • Sun Venture Investments @ 50 Scotts Road		• CONQUAS for Sun Venture Investments @ 50 Scotts Road
2009	• Applied Materials Building	• StarHub Green		
2008				

Legend

BCA: Building & Construction Authority
BIM: Building Information Modelling
BP: Boustead Projects
BP E&C: Boustead Projects E&C
BSWS: Boustead Salcon Water Solutions
EDB: Economic Development Board of Singapore

Awarded by:			
	WSHC		Others
	bizSAFE & Overall Safety Awards	SHARP	Other Awards
		• GSK Asia House	• BP E&C: Singapore Quality Class Certification under SPRING Singapore's Business Excellence Framework
		• Kuehne + Nagel Singapore Logistics Hub	
		• MTU Asia Pacific HQ	
	• BSWS: bizSAFE Star • BP: WSH Performance (Silver) Award	• SDV Green Hub	• Solar Pioneer Award for Greenpac Greenhub under EDB
	• BP: bizSAFE Mentor • BP: WSH Performance (Silver) Award	• Rolls-Royce Wide Chord Fan Blade Manufacturing Facility	
	• BP: WSH Performance (Silver) Award • BP: WSH Officer Award	• Applied Materials Building • IBM Singapore Technology Park • Singapore Aero Engine Services • The Singapore FreePort	
	• BP: bizSAFE Star • BP: WSH Performance (Silver) Award	• StarHub Green	• Solar Pioneer Award for Applied Materials Building under EDB
	• BP: bizSAFE Partner		

LEED: Leadership in Energy & Environmental Design
SHARP: Safety & Health Award Recognition for Projects
USGBC: US Green Building Council
WSH: Workplace Safety & Health
WSHC: Workplace Safety & Health Council

ESRI SPECIAL ACHIEVEMENT IN GIS AWARDS

	Australia	Singapore
2017	• Australian Army for defence GIS Solution	• Urban Redevelopment Authority ("URA") for GEMMA
2016	• Queensland Urban Utilities for Q-Hub	• Housing & Development Board for Integrated Planning & Analysis Platform
2015	• Australian Geospatial-Intelligence Organisation for Enterprise Production Management • Hema Maps Pty Ltd for Hema Explorer Map • Victoria's Department of Environment, Land, Water & Planning for FloodZoom	• Land Transport Authority ("LTA") for Planning for Land Transport Network • Municipal Services Office for OneService@SG
2014	• Queensland's Department of Natural Resources & Mines for stock route management GIS solution • South Australia's Department of Communities & Social Inclusion for Evidence Based Management Framework	• Singapore Land Authority ("SLA") for Spatial Challenge
2013	• Western Power for enterprise GIS solution	• URA for Integrated Planning & Land Use System ("URA iPLAN")
2012	• VicRoads for VicTraffic	• Ministry of Health for healthcare GIS solution • PUB for Geographic Resource & Information System
2011	• Brisbane City Council for Flood Map • Queensland Fire & Rescue Service for Total Operational Mapping	• SLA for GeoSpace
2010	• Australian Department of Climate Change for National Carbon Accounting System • Victoria's County Fire Authority for EIMS Mapper	• SLA for OneMap
2009	• Australian Capital Territory Emergency Services Agency for emergency management GIS solution • Tasmania's Department of Primary Industries & Water for state GIS solution	
2008	• Royal Australian Navy Directorate of Oceanography & Meteorology, Australia for marine GIS solution • Thiess Pty Ltd for engineering GIS solution • WestNet Energy Alinta Gas Networks for utilities GIS solution	• LTA for Land Transport Infrastructure Data Hub
2007	• City of Greater Geelong for municipal GIS solution	• Defence Science & Technology Agency for national security GIS solution • SLA for Singapore Street Directory
2006	• BHP Billiton Ltd for Enterprise Spatial Data Infrastructure	• URA for URA iPLAN

Malaysia	Indonesia
• Penang Geographical Information System Centre for e-Peta	• Indonesian Navy for Hydro-Oceanography Data Centre • Bank Muamalat for banking GIS solution
• Malaysian Centre for Geospatial Data Infrastructure (“MaCGDI”) for Malaysia Geospatial Online Services	• Ministry of Home Affairs of the Republic of Indonesia for population data management GIS solution
• Department of Survey & Mapping Malaysia (“JUPEM”) for Geospatial Data Acquisition System	• PT Freeport Indonesia for mining GIS solution
• JUPEM, Defence Geospatial Division for uGeo for Defence	• PT Pertamina EP for upstream oil & gas GIS solution
• Land & Survey Department Sarawak for Land & Survey Information System	• Ministry of Energy & Minerals Resources, Directorate General of Mineral & Coal Mining for mining GIS solution
• Ministry of Housing & Local Government, Federal Department of Town & Country Planning for Safe City Monitoring System	• Ministry of Transportation for transportation GIS solution
• MaCGDI for Malaysia Geospatial Data Infrastructure	
• JUPEM, Utility Mapping Section for National Utility Database	• National Coordinator for Survey & Mapping Agency for national mapping GIS solution

BOARD OF DIRECTORS

Wong Fong Fui

Chairman & Group Chief Executive Officer

- Member, Nominating Committee

Bachelor of Engineering (Chemical Engineering), University of New South Wales ("UNSW")
Honorary PhD (Business), UNSW
Co-Opted Member, Campus Planning & Development Committee, National University of Singapore ("NUS")

Date of appointment: 15 April 1996
Date of last re-election: 28 July 2016

Mr Wong was appointed as Chairman & Group Chief Executive Officer of the Boustead Group in 1996. He began his career as a chemical engineer in the oil & gas industries and subsequently co-founded various engineering and construction companies. Prior to joining the Boustead Group, he was the Group Managing Director of SGX-listed QAF Ltd, a food manufacturing and retail company which he succeeded in turning around. He was also instrumental in the start-up and privatisation of Myanmar Airways International. He is an entrepreneur with proven success in diverse fields.

In 2009, Mr Wong received the Best Chief Executive Officer (mid-cap category) at the Singapore Corporate Awards. He was also appointed by the Ministry of Finance to sit on the Economic Strategies Committee and as Co-Chairman for the Land Sub-Committee. In 2014, he received an Honorary Doctor of Business from his alma mater, the UNSW. In 2015, he was recognised by the Singapore Chinese Chamber of Commerce & Industry with the SG50 Outstanding Chinese Business Pioneers Award. In 2014, he was appointed as a co-opted member of the NUS Entrepreneurship Committee, and a year later, to serve on the NUS Board of Trustees – positions he served in until January 2018. In March 2018, he was appointed as a co-opted member of the NUS Campus Planning & Development Committee.

Wong Yu Loon

Executive Director & Deputy Group Chief Executive Officer

Bachelor of Law, University of New South Wales ("UNSW")
Bachelor of Commerce (Accounting), UNSW
Chartered Financial Analyst

Date of appointment: 2 April 2013
Date of last re-election: 28 July 2016

Mr Wong joined the Boustead Group in 2003 and was appointed as Deputy Group Chief Executive Officer in 2016. He had been appointed as Executive Director in 2013. He currently assists the Group Chief Executive Officer in overseeing the day-to-day management, operations, business development and strategic planning of the Boustead Group.

Mr Wong's initial role at the Boustead Group was as Corporate Planning Manager. He was subsequently promoted to Group Investment Director, overseeing mergers and acquisitions, fund raising activities and heading the Boustead Group's investments in the energy sector. He has more than a decade of widespread experience in mergers and acquisitions, fund raising and corporate advisory in roles at top investment firms across Australia and Singapore including Carnegie, Wylie & Company Pty Ltd, SGX-listed DBS Bank Ltd and Vickers Ballas & Company Pte Ltd.

Loh Kai Keong

Non-Executive Director & Consultant

- Member, Audit & Risk Committee
- Member, Remuneration Committee

Bachelor of Accounting, University of Singapore
Chartered Accountant of Singapore
Associate, Chartered Institute of Secretaries

Date of appointment: 1 February 2005
Date of last re-election: 27 July 2017

Mr Loh joined the Boustead Group in 1999 in an executive role and was appointed as Group Chief Financial Officer in 2002 and as Executive Director in 2005. Following his retirement in January 2018, he remains on the Board as Non-Executive Director and has been retained as Consultant to the Boustead Group.

Mr Loh has over 35 years of experience in audit, financial and personnel management, and mergers and acquisitions. His widespread experience spans both the private and public sectors, covering air freight, the civil service, commercial aviation, communications and exhibitions, engineering, food, information technology, insurance, manufacturing, shipping, and retail and wholesale. In 2016, he received the Best Chief Financial Officer (mid-cap category) at the Singapore Corporate Awards.

Dr Tan Khee Giap
Independent Non-Executive Director
- Chairman, Audit & Risk Committee
- Member, Nominating Committee

PhD, University of East Anglia

Date of appointment: 28 June 2018

Dr Tan was appointed as Independent Non-Executive Director in June 2018. He relinquished his role as independent non-executive director of Boustead Projects Limited when he was appointed to the Board of Boustead Singapore Limited. He is currently Co-Director of Asia Competitiveness Institute and a Visiting Associate Professor of Public Policy at the Lee Kuan Yew School of Public Policy at the National University of Singapore. He is also the Chairman of the Singapore National Committee for Pacific Economic Cooperation. He currently holds directorships in TEE Land Ltd, BreadTalk Group Ltd and Chengdu Rural Commercial Bank Co Ltd. He has consulted extensively with various government ministries, statutory boards and government-linked corporations of the Singapore Government, and has been serving as a member of the Resource Panels of the Government Parliamentary Committee for Transport, Government Parliamentary Committee for Finance and Trade & Industry and Government Parliamentary Committee for Defence & Foreign Affairs since 2007.

Chong Ngien Cheong
Independent Non-Executive Director
- Chairman, Nominating Committee
- Member, Audit & Risk Committee
- Member, Remuneration Committee

Bachelor of Commerce, Nanyang University

Date of appointment: 23 May 1996
Date of last re-election: 27 July 2017

Mr Chong was appointed as Independent Non-Executive Director in 1996. Currently, he is a Director of Sang Chun Holdings Pte Ltd, an investment and holding company.

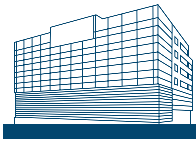
Godfrey Ernest Scotchbrook
Independent Non-Executive Director
- Chairman, Remuneration Committee
- Member, Audit & Risk Committee

Fellow, Hong Kong Management Association
Fellow, British Chartered Institute of Public Relations

Date of appointment: 21 September 2000
Date of last re-election: 28 July 2016

Mr Scotchbrook was appointed as Independent Non-Executive Director in 2000. He has been a specialist in corporate communications and crisis management for over 40 years. He founded Scotchbrook Communications Ltd, a firm focused on investor relations and business development. A proponent of good corporate governance, he is a non-executive director of HKEx-listed Convenience Retail Asia Ltd and SGX-listed Del Monte Pacific Ltd. He is a Fellow of the Hong Kong Management Association and British Chartered Institute of Public Relations.

KEY MANAGEMENT TEAM



Group Headquarters

Wong Fong Fui
Chairman & Group Chief Executive Officer
Boustead Singapore Limited, 1996
Profiled under Board of Directors, page 46

Wong Yu Loon
Executive Director & Deputy Group Chief Executive Officer
Boustead Singapore Limited, 2003
Profiled under Board of Directors, page 46

Chan Shiok Faun
Director of Group Finance
Boustead Singapore Limited, 1991

Yeo Wee Leong
Senior Vice President – Internal Audit
Boustead Singapore Limited, 2008

Keith Chu
Senior Vice President – Corporate Marketing & Investor Relations
Boustead Singapore Limited, 2003

Karen Kor
Senior Vice President – Group Human Resources
Boustead Singapore Limited, 2013

Energy-Related Engineering

Downstream Oil & Gas/ Petrochemicals

Elizabeth Ager
Chairman
Boustead International Heaters Ltd, 1997

Stuart Cummings
Chief Executive Officer
Boustead International Heaters Ltd, 2013

Peter Halstead
Finance Director
Boustead International Heaters Ltd, 2004

David Champneys
Process Engineering Director
Boustead International Heaters Ltd, 1999

Ian Kentsley
Projects Director
Boustead International Heaters Ltd, 1997

Steve Ruscoe
Manufacturing Director
Boustead International Heaters Ltd, 1997

Tommy Lim
Business Development Director (Asia)
Boustead International Heaters Pte Ltd, 2009

Upstream Oil & Gas

Prasun Chakraborty
Chief Executive Officer
Controls & Electrics Pte Ltd, 1991

Vijayalakshmi Rajendran Meenakshi Sundaram
Head of Engineering
Controls & Electrics Pte Ltd, 1992

Raghavan Nair Gopa Kumar
Head of Projects
Controls & Electrics Pte Ltd, 1995

Kathryn Ong
Manager – HR & Administration
Controls & Electrics Pte Ltd, 1988

Donald Chua
Sales Manager (Motors)
Controls & Electrics Pte Ltd, 2015

Jeffrey Chua
Senior Finance Manager
Controls & Electrics Pte Ltd, 2015

Real Estate Solutions

Geo-Spatial Technology

Water & Wastewater Engineering

Ravi Subramanian
Chief Executive Officer
Boustead Salcon Water Solutions Pte Ltd, 2014

Sun Ping
Business Development Director
Boustead Salcon Water Solutions Pte Ltd, 2004

Wong Hon Yee
Senior Project Manager
Boustead Salcon Water Solutions Pte Ltd, 1997

Solid Waste Energy Recovery

Woo Chew Fay
President Director
PT Boustead Maxitherm Industries, 1993

Real Estate Solutions

Thomas Chu
Managing Director
Boustead Projects Limited, 1997

Wong Yu Wei
Executive Director & Senior Deputy Managing Director
Boustead Projects Limited, 2009

Steven Koh
Deputy Managing Director (Operations)
Boustead Projects Limited, 1999

Lee Keen Meng
Chief Financial Officer
Boustead Projects Limited, 2009

Liew Kau Keen
Director (Business Development)
Boustead Projects Limited, 2001

Howard How
Director (Environmental, Health & Safety)
Boustead Projects Limited, 2007

Neo Eng Huat
Director (Audit & Improvement)
Boustead Projects Limited, 2007

Nicholas Heng
Director (Projects)
Boustead Projects Limited, 2007

Sandra Loke
Director (Real Estate)
Boustead Projects Limited, 2017

Hogan Seah
Director (Operations)
Boustead Projects Limited, 2017

Esri Australia

Brett Bundock
Managing Director
Esri Australia Pty Ltd, 1988

Kaylee Holdsworth
Chief Financial Officer
Esri Australia Pty Ltd, 2006

Raquel Jackson
Chief Marketing Officer
Esri Australia Pty Ltd, 2011

Kelvin Langdon
Executive Manager – Operations
Esri Australia Pty Ltd, 2005

Jeffrey Robinson
Chief Information Officer & Executive Manager – Professional Services
Esri Australia Pty Ltd, 2011

Esri South Asia

Leslie Wong
Managing Director
Esri South Asia Pte Ltd, 2006

Esri Singapore

Thomas Pramotedham
Chief Executive Officer
Esri Singapore Pte Ltd, 2009

Esri Malaysia

Tan Choon Sang
Chief Executive Officer
Esri Malaysia Sdn Bhd, 2017

Esri Indonesia

Achmad Istamar
Chief Executive Officer
PT Esri Indonesia, 2016

INVESTOR RELATIONS

Summary of FY2018 Investor Relations Activities

47	87	2	1
face-to-face/teleconference investor meetings hosted (FY2017: 61)	investors met (FY2017: 304)	investor conferences/ events attended (FY2017: 3)	research firm providing coverage: – CIMB Research

Investor Communications

For more than a decade, investor relations ("IR") has been a key facet of Boustead's holistic communications with stakeholders. Proactively communicating with analysts, investors, the media and global financial community in an accurate, consistent, sincere, timely and transparent manner is a priority for us.

In FY2018, our IR Team met 87 investors at investor conferences, meetings and presentations to share our business strategies and financial performance. All our annual reports, company announcements and financial results announcements for the past five years, as well as substantial information that would be of interest to investors are available at **www.boustead.sg/investor_centre**.

During the year, CIMB Research continued to provide comprehensive research coverage on Boustead and Boustead Projects. In addition, Seeking Alpha provided in-depth analytical views on Boustead Projects.

We continued to actively engage with institutional and retail investors, presenting at a non-deal lunch roadshow organised by CIMB Securities as well as the SGX-GS ASEAN Consumption Plays Corporate Day 2018 co-organised by SGX and Goldman Sachs.

In early FY2018, Boustead was also ranked by FinanceAsia in its annual Asia's Best Companies Poll as the Best Small-Cap in Singapore and Best (3rd) at Investor Relations in Singapore. At the Securities Investors Association (Singapore)'s 18th Investors' Choice Awards 2017, Boustead Projects was honoured with the prestigious Singapore Corporate Governance Award in the Newly Listed Category for outstanding efforts in improving corporate governance. We are truly honoured by the acknowledgements from both the local and global financial community.

As part of SGX requirements, the IR Team is in the process of producing our inaugural Longevity Report for release later this year.

If you have any investor queries, please e-mail us at **ir.team@boustead.sg**.

FY2018 Calendar

Date	Activity/Event
Apr 2017	• CIMB Securities non-deal lunch roadshow for institutional investors, Singapore
May 2017	• Best Small-Cap and Best (3rd) at Investor Relations in Singapore, Asia's Best Companies Poll, FinanceAsia • FY2017 financial results announcement • FY2017 financial results webcast briefing
Jul 2017	• FY2017 annual report • Annual general meeting • Extraordinary general meeting
Aug 2017	• 1Q FY2018 financial results announcement • FY2017 final dividend payment of 1.5 cents
Sep 2017	• Singapore Corporate Governance Award in Newly Listed Category for Boustead Projects, SIAS Investors' Choice Awards 2017
Nov 2017	• 2Q FY2018 financial results announcement
Dec 2017	• FY2018 interim dividend payment of 1.0 cent
Feb 2018	• 3Q FY2018 financial results announcement
Mar 2018	• SGX-GS ASEAN Consumption Plays Corporate Day 2018

Delivering Value to Shareholders

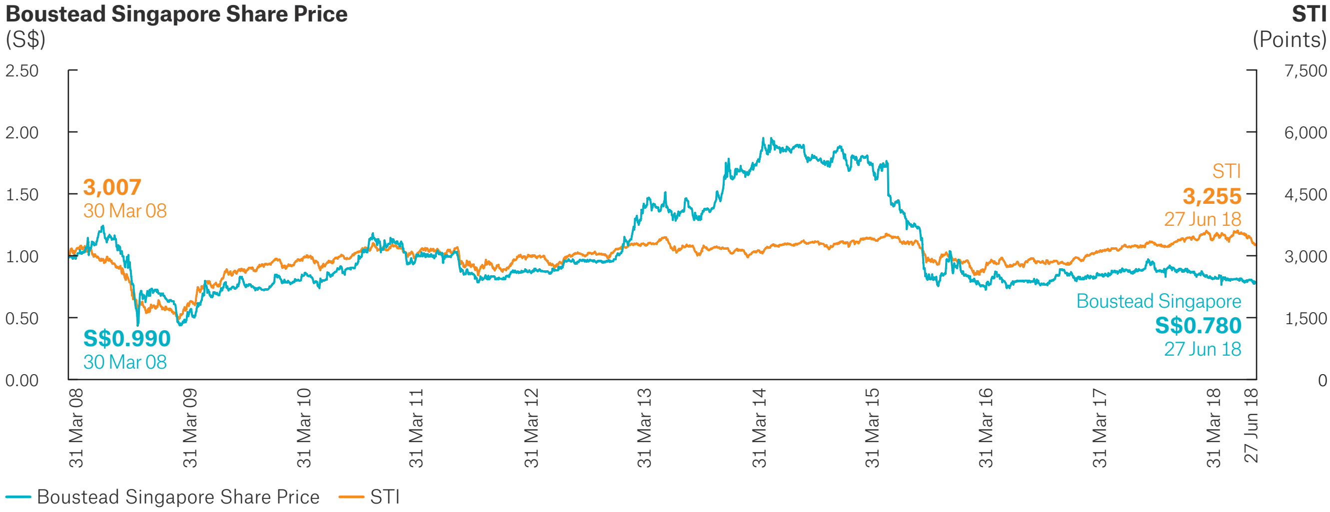
3.0¢*
dividends for FY2018

63.7 ¢**
dividends over past decade

S$401.8 million
market capitalisation at end of FY2018

+71%***
growth from S$0.99 share price one decade ago

Share Performance and STI Commentary



Opening FY2018 at S$0.870, Boustead's share price decreased by approximately 10% over the past 15 months, touching a high of S$0.985 on 21 July 2017 and closing at S$0.780 on 27 June 2018.

FY2019 Calendar****	
Date	**Activity/Event**
Apr 2018	• SGX-CGS-CIMB Construction & Infrastructure Day 2018
May 2018	• FY2018 financial results announcement • FY2018 financial results webcast briefing
Jun 2018	• Value Invest Asia Facebook Live Interview: Future of Boustead Singapore and Boustead Projects
Jul 2018	• Release of FY2018 annual report • Annual general meeting • Extraordinary general meeting
Aug 2018	• 1Q FY2019 financial results announcement • FY2018 final dividend payment of 2.0 cents (proposed)
Nov 2018	• 2Q FY2019 financial results announcement
Feb 2019	• 3Q FY2019 financial results announcement
May 2019	• FY2019 financial results announcement

* *Includes proposed final dividend of 2.0 cents for FY2018.*
** *Includes proposed final dividend of 2.0 cents for FY2018 and distributions of dividend in specie.*
*** *Includes value of shareholding of Boustead Projects distributed as dividend in specie during FY2015 and dividends over past decade, for comparative review.*
**** *Subject to change. Please check* ***www.boustead.sg/investor_centre*** *for the latest updates.*

CORPORATE INFORMATION

Directors

Wong Fong Fui
Chairman &
Group Chief Executive Officer

Wong Yu Loon
Executive Director & Deputy
Group Chief Executive Officer

Loh Kai Keong
Non-Executive Director &
Consultant

Dr Tan Khee Giap
Independent Non-Executive
Director

Chong Ngien Cheong
Independent Non-Executive
Director

Godfrey Ernest Scotchbrook
Independent Non-Executive
Director

Audit & Risk Committee

Dr Tan Khee Giap
Chairman

Chong Ngien Cheong

Godfrey Ernest Scotchbrook

Loh Kai Keong

Nominating Committee

Chong Ngien Cheong
Chairman

Dr Tan Khee Giap

Wong Fong Fui

Remuneration Committee

Godfrey Ernest Scotchbrook
Chairman

Chong Ngien Cheong

Loh Kai Keong

Share Registrar

**Boardroom Corporate &
Advisory Services Pte Ltd**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors

PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower
Level 12
Singapore 018936

Audit Partner: Yee Chen Fah
(Date of appointment: 26 July
2013)

Principal Bankers

United Overseas Bank Ltd

DBS Bank Ltd

Malayan Banking Bhd

**The Hongkong and Shanghai
Banking Corporation Ltd**

CIMB Bank Bhd

**Sumitomo Mitsui Banking
Corporation**

Place of Incorporation

Singapore

Date of Incorporation

18 June 1975

Company Secretary

Alvin Kok

Company Registration

197501036K

Registered Office

Boustead Singapore Limited
82 Ubi Avenue 4
#08-01 Edward Boustead Centre
Singapore 408832

Stock Exchange Listing

**Singapore Exchange Securities
Trading Ltd**

FINANCIAL STATEMENTS

Contents

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2018 and the statement of financial position of the Company as at 31 March 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 76 to 159 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Wong Fong Fui	(Chairman, Group Chief Executive Officer)
Wong Yu Loon	
Loh Kai Keong	
Dr Tan Khee Giap	(Appointed on 28 June 2018)
Chong Ngien Cheong	
Godfrey Ernest Scotchbrook	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share awards" in this report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.3.2018	At 31.3.2017	At 31.3.2018	At 31.3.2017
The Company – Boustead Singapore Limited **(No. of ordinary shares)**				
Wong Fong Fui	**-**	-	**177,871,829**	177,871,829
Loh Kai Keong	**500,633**	500,633	**-**	-
Chong Ngien Cheong	**400,000**	400,000	**23,376,203**	23,376,203
Godfrey Ernest Scotchbrook	**-**	-	**1,052,783**	1,052,783
Subsidiary Company – Boustead Projects Limited **(No. of ordinary shares)**				
Wong Fong Fui	**-**	-	**224,242,603**	224,242,603
Loh Kai Keong	**183,189**	183,189	**-**	-
Chong Ngien Cheong	**120,000**	120,000	**-**	-
Godfrey Ernest Scotchbrook	**-**	-	**315,834**	315,834

By virtue of Section 7 of the Singapore Companies Act, Mr Wong Fong Fui is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the ordinary shares of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

SHARE AWARDS

(a) The Boustead Restricted Share Plan 2011 (the "2011 Share Plan") was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associates of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of a committee duly authorised by the Board of Directors.

(b) The committee administering the 2011 Share Plan comprises three members, all of whom are non-executive directors. "Executive employees" mean confirmed employees of (i) a group company, fulfilling an executive role (including any executive director, but excluding Mr Wong Fong Fui, the Chairman & Group Chief Executive Officer of the Company) or (ii) an associated company, fulfilling an executive role, selected by the committee.

(c) Details of the 2011 Share Plan are disclosed in Note 33 to the financial statements.

(d) The members of the committee administering the 2011 Share Plan are:

Godfrey Ernest Scotchbrook (Chairman)
Chong Ngien Cheong
Loh Kai Keong

The members of the committee are eligible to participate in the 2011 Share Plan. Any director participating in 2011 Share Plan who is a member of the committee will not be involved in the committee's deliberations in respect of any share award granted or to be granted to him.

(e) The details of share awards granted and vested pursuant to the 2011 Share Plan are as follows:

Date of grant	Balance at 1 April 2017	Share awards vested	Balance at 31 March 2018
7 July 2014	159,463	(159,463)	-
29 July 2014	17,719	(17,719)	-
	177,182	(177,182)	-

Name of participant	Number of shares comprised in awards granted during the year	Aggregate number of shares comprised in awards since commencement of the 2011 Share Plan to end of year	Aggregate number of shares comprised in awards vested since commencement of the 2011 Share Plan to end of year	Aggregate number of shares comprised in awards outstanding as at end of year
Associate of Controlling Shareholder of the Company				
Wong Yu Wei	-	120,715	(120,715)	-
Employees of the Company's subsidiary	-	1,074,971	(1,074,971)	-
	-	1,195,686	(1,195,686)	-

There were no participants who received 5% or more of the total number of shares available under the 2011 Share Plan. Save as disclosed above, no awards have been granted to directors of the Company or controlling shareholders and their associates since the commencement of the 2011 Share Plan to the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

AUDIT & RISK COMMITTEE

At the date of this report, the Audit & Risk Committee comprises the following members, the majority of whom are independent non-executive directors:

Dr Tan Khee Giap (Chairman)
Chong Ngien Cheong
Godfrey Ernest Scotchbrook
Loh Kai Keong

The Audit & Risk Committee met 4 times during the year under review and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee has reviewed the following:

(a) the audit plan of the external auditors and internal auditors and result of the internal auditors' examination and evaluation of the Group's system of internal accounting and operational controls;

(b) the Group's financial and operating results and accounting policies;

(c) the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;

(d) the quarterly and full-year announcements on the consolidated financial statement of the Group and the changes in equity of the Company and the financial position of the Company;

(e) the co-operation and assistance given by the management to the external auditors of the Company; and

(f) the independence and appointment/re-appointment of the external auditors of the Company.

The Audit & Risk Committee has full access to and has the co-operation of management. It has been given the resources required for it to discharge its function properly. The Audit & Risk Committee also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

The Audit & Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

The external auditors annually carry out their statutory audits in accordance with the scope as laid out in their audit plans. Control observations noted during their audits and the auditors' recommendations are reported to the Audit & Risk Committee. The internal auditors follow up on the recommendations as part of their role in the review of the Group's internal control systems.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wong Fong Fui
Director

Wong Yu Loon
Director

Singapore, 29 June 2018

CORPORATE GOVERNANCE

The Board of Directors of Boustead Singapore Limited (the "Board") is committed to maintaining a high standard of corporate governance and transparency within the Company and its subsidiaries (the "Group"), in line with the principles set out in the Code of Corporate Governance 2012 (the "Code"). This establishes and maintains a legal and ethical environment in the Group to preserve the interests of all shareholders and stakeholders.

The Board is pleased to present the Corporate Governance Report which outlines the Company's corporate governance practices with specific reference made to the principles and guidelines of the Code, which forms part of continuing obligations under the Listing Manual of the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is accountable to shareholders and responsible for the overall management and long-term success of the Group. It approves the Group's strategic plans, key business initiatives, major investments and funding decisions. Additionally, the Board has direct responsibility for decision-making in respect of various specific matters, including:-

- approval of corporate strategies and policies;
- approval of the Group's annual operating and capital budgets;
- setting of the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and duly met;
- determination of the Group's risk appetite and establishment and oversight of the processes of evaluating the adequacy of internal controls addressing financial, operational, compliance and information technology risks;
- review of sustainability issues, such as environmental and social factors, as part of its strategic formulation;
- oversight of the business affairs of the Group and monitoring of the performance of management;
- monitoring of financial performance, including approval for the release of financial results announcements;
- approval of the annual report and accounts;
- convening of shareholders' meetings;
- recommendations of dividend payments and other distributions to shareholders; and
- approval of material acquisition and disposal of assets.

All directors of the Company are aware of their duty to act objectively in the best interests of the Company at all times. The directors exercise independent judgment and due diligence when making decisions, for the benefit of the Company.

Additionally, independent directors of the Board deal with conflict of interest issues relating to directors and substantial shareholders and matters which require the Board's approval pursuant to the provisions of the Listing Manual of the SGX-ST or applicable laws and regulations.

To facilitate effective management, certain functions of the Board have been delegated by the Board to various board committees. The Board is assisted by the Audit & Risk Committee, the Nominating Committee and the Remuneration Committee, each of which has its own terms of reference.

CORPORATE GOVERNANCE

The Board conducts scheduled meetings on a regular basis. Where necessary, additional Board meetings are also held to address significant transactions or issues that arise. A total of four formal Board meetings, four formal Audit & Risk Committee meetings, one formal Nominating Committee meeting and one formal Remuneration Committee meeting were held in the course of the year under review. Ad hoc meetings involving members of the Board are also held whenever the Board's guidance or approval is required, outside the scheduled Board meetings. Further to these, Board and Audit & Risk Committee members also held several informal discussions on various issues relating to corporate strategy and risk management. The attendance of the directors at Board and board committee meetings during the year under review were as follows:-

	Board		Audit & Risk Committee		Nominating Committee		Remuneration Committee	
Name of Director	**No. Held [1]**	**No. Attended**	**No. Held [1]**	**No. Attended**	**No. Held [1]**	**No. Attended**	**No. Held [1]**	**No. Attended**
Wong Fong Fui	4	4	-	-	1	1	-	-
Wong Yu Loon	4	4	-	-	-	-	-	-
Loh Kai Keong [2]	4	4	1	1	-	-	1	1
Goh Boon Seong [3]	4	4	4	4	1	1	1	1
Chong Ngien Cheong	4	4	4	4	1	1	1	1
Godfrey Ernest Scotchbrook	4	4	4	4	-	-	1	1
Dr Tan Khee Giap [4]	-	-	-	-	-	-	-	-

(1) *This reflects the number of meetings held during the period the director was a member of the Board and/or relevant Committee.*

(2) *Mr Loh Kai Keong was appointed as a member of the Audit & Risk Committee and Remuneration Committee on 11 January 2018.*

(3) *Mr Goh Boon Seong resigned as a director on 28 June 2018.*

(4) *Dr Tan Khee Giap was appointed as a director on 28 June 2018.*

The Company's Constitution allows Board meetings to be conducted by way of teleconference and video-conference. However, the directors prefer to meet in person as far as possible.

The Company has adopted internal guidelines governing matters that require the Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to board committees and management under set limits of authority, which are reviewed on a regular basis and revised when necessary. The limits of authority provide a guideline and give clear directions on matters requiring the Board's or management's approval.

Approval from a majority of the Board is required for significant matters, such as investments and acquisition or divestment of assets of amounts above S$25 million. Executive directors also provide updates to the Board in relation to significant matters affecting subsidiaries of the Company.

The majority of the current members of the Board has been directors of the Company for at least five years and is familiar with its business operations and governance practices. All non-executive directors are welcome to request for additional explanations, briefings and informal discussions on any aspect of the Group's operations or business issues at all times.

The Company provides members of the Board with updates on board processes, governance practices and changes to laws and regulations that have a bearing either on the Group or on an individual director. Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group or themselves and to attend appropriate training courses (arranged by the Company or initiated by the directors themselves) at the Company's expense. The Company maintains a corporate membership with the Singapore Institute of Directors, which provide training and resources useful for the Company in keeping up to date with best practices in corporate governance.

A formal letter is provided to each director, upon his appointment, setting out the director's duties and obligations. Newly appointed directors are given an orientation and comprehensive briefings by management on the Group's businesses and operations.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

Presently, the Board comprises six directors, three of whom are independent directors. The Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Board is also able to exercise objective judgement on corporate affairs independently, in particular, from the management of the Company.

The Board members as at the date of this report are:-

Wong Fong Fui (Chairman and Group Chief Executive Officer)
Wong Yu Loon (Executive Director and Deputy Group Chief Executive Officer)
Loh Kai Keong (Non-Executive Director)
Dr Tan Khee Giap (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Godfrey Ernest Scotchbrook (Independent Non-Executive Director)

The Nominating Committee has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent directors. The Board comprises directors capable of exercising objective judgement on corporate affairs of the Company, independent of management.

Each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has been an independent director of the Board for more than nine years. The Board, with the concurrence of the Nominating Committee, has rigorously reviewed the independence of each of them and is satisfied that each of them is independent in character and judgment, and found no evidence to indicate that the length of their respective service has in any way affected their respective independence. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the Nominating Committee has found each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook suitable to act as independent directors. The Board has accepted the Nominating Committee's recommendation that each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook be considered independent. Each of Mr Chong Ngien Cheong and Mr Godfrey Ernest Scotchbrook has abstained from deliberating on their respective independence and their nomination.

With three of the six directors deemed to be independent, the Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Company and its shareholders.

Directors are required to promptly disclose to the Board any relationship or change in circumstances which may lead to his status as an independent director being affected. If the Board determines that notwithstanding such relationship or circumstances, the director remains independent, the Board shall record its reasons for such determination in formal Board meeting minutes and formally disclose its reasons in the next Annual Report.

The Board reviews its composition from time to time and seeks to maintain a diversity of expertise, skills, gender, age, ethnicity and other attributes among the directors. The Board comprises businessmen with vast business or management experience, industry knowledge and strategic planning experience and includes professionals with financial, investment and business development backgrounds.

The Nominating Committee is of the view that the current Board comprises directors with a sufficiently wide range of skills, experience and expertise in operations, management, strategic planning and accounting and finance, who collectively ensure that the Board is equipped to deal with a wide range of issues to meet the Company's objectives. Also, no individual or group of individuals dominate the Board's decision-making.

The non-executive directors of the Company, three of whom are also independent, constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. At meetings of the Board, directors are free to discuss and openly challenge the views presented by management and other directors. The decision-making process is an objective one.

To facilitate a more effective check on management, non-executive directors hold meetings without the presence of management at least once a year. When necessary, non-executive directors also meet amongst themselves prior to Board meetings. The non-executive directors met once during the year under review without the presence of management.

CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

The Chairman of the Company, Mr Wong Fong Fui, is also the Group Chief Executive Officer ("CEO").

As Chairman, he is responsible for the workings of the Board, ensuring that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the other executive director. He also reviews board papers before they are presented to the Board and ensures that information provided to Board members is adequate. During Board meetings, he ensures that Board members engage in constructive debate on strategic issues and business planning.

In his role as CEO, Mr Wong Fong Fui is the most senior executive in the Company and holds executive responsibility for the Company's business. He is assisted by Executive Director and Deputy Group Chief Executive Officer, Mr Wong Yu Loon, in the management of day-to-day operations. Whilst Mr Wong Yu Loon is the son of Mr Wong Fong Fui, half of the Board is made up of independent directors and the various board committees are chaired by and comprise a majority of independent directors. The Board has consistently demonstrated it is able to exercise independent decision-making. Because of this, the Board has not appointed a lead independent director to date. The Board is of the opinion that the role of Mr Wong Fong Fui as both the Chairman and CEO of the Company does not affect the independence of the Board.

The independent directors hold meetings without the presence of management when necessary and at least once a year.

Principle 4: Board Membership

Nominating Committee

The Nominating Committee comprises three directors, two of whom are independent. The members of the Nominating Committee as at the date of this report are:-

Chong Ngien Cheong, Chairman (Independent Non-Executive Director)
Dr Tan Khee Giap (Independent Non-Executive Director)
Wong Fong Fui

The Nominating Committee serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member's performance. The principal functions of the Nominating Committee include:-

- reviewing and recommending candidates for appointments to the Board and board committees as well as candidates for senior management staff, who are not also candidates for appointment to the Board;
- reviewing of board succession plans for the directors, in particular, the Chairman and the Chief Executive Officer;
- developing a process for the evaluation of the performance of the Board, the board committees and the directors;
- reviewing of training and professional development programmes for the Board;
- reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the directors;
- reviewing and recommending candidates to be nominees on the boards and board committees of the listed company and entities within the Group;
- determining the independence of the directors on an annual basis and as and when circumstances require;
- reviewing the participation (whether by way of obtaining an interest in or taking a board seat or otherwise) by each independent director in any competing business and taking into account such matters in the re-appointment or re-election or renewal of appointment of such independent director; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual of the SGX-ST, and by amendments made thereto from time to time.

Where an existing director is required to retire from office, the Nominating Committee reviews the composition of the Board and takes into account factors such as that existing director's attendance, participation, contribution and competing time commitments when deciding whether to recommend that director for re-election.

Pursuant to the Constitution of the Company, Mr Wong Yu Loon and Mr Godfrey Ernest Scotchbrook shall be retiring at the Annual General Meeting to be held on 26 July 2018 ("2018 AGM"). At the recommendation of the Nominating Committee, they will be seeking re-election at the 2018 AGM.

CORPORATE GOVERNANCE

The dates of initial appointment and last re-election of each of the directors, together with their directorships in other listed companies, are set out below:-

Name	Position	Date of Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies (in last three years)
Wong Fong Fui	Chairman and Group Chief Executive Officer	15 April 1996	28 July 2016	-	-
Wong Yu Loon	Executive Director and Deputy Group Chief Executive Officer	2 April 2013	28 July 2016	-	-
Loh Kai Keong	Non-Executive Director	1 February 2005	27 July 2017	-	-
Dr Tan Khee Giap	Independent Non-Executive Director	28 June 2018	-	BreadTalk Group Limited TEE Land Limited Chengdu Rural Commercial Bank Co Ltd	Artivision Technologies Ltd Boustead Projects Limited
Chong Ngien Cheong	Independent Non-Executive Director	23 May 1996	27 July 2017	-	-
Godfrey Ernest Scotchbrook	Independent Non-Executive Director	21 September 2000	28 July 2016	Del Monte Pacific Limited	-

The Nominating Committee has reviewed the independence of each director in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent directors. The Board comprises directors capable of exercising objective judgement on corporate affairs of the Company, independent of management.

One-third of directors who are longest-serving (other than the Managing Director or a director holding an equivalent position) are required to retire from office every year at the Annual General Meeting. Based on such a rotation process, each director is required to submit himself or herself for re-election by shareholders at least once every three years.

The Nominating Committee is required to consider annually whether directors who serve on multiple boards are able to commit the necessary time to discharge their responsibilities as directors of the Company. In performing its review, the Nominating Committee shall consider factors including:-

- the respective director's actual conduct on the Board;
- the assessment of the effectiveness of the individual director; and
- assessment of the time and attention given by each director to the affairs of the Company and the Group.

In view of the foregoing, the Nominating Committee has not determined a maximum number of listed company board appointments which any director may hold as the Nominating Committee has reviewed and is satisfied that all directors, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company, notwithstanding their multiple board appointments.

The Board does not encourage the appointment of alternate directors. No alternate director has been appointed to the Board.

New directors are appointed by the Board after the Nominating Committee recommends their appointment. When the need for a new director arises, the Nominating Committee will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. The search may be through search companies, contacts and recommendations. The objective of this process is to ensure the Board collectively has the diversity, skills, knowledge and experience necessary to meet the needs of the Company.

Key information on the Company's directors are set out on pages 46 to 47 of the Annual Report.

CORPORATE GOVERNANCE

Principle 5: Board Performance

The Nominating Committee reviews on an annual basis the composition and skills set of the Board to determine whether it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The Nominating Committee assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election. It also carries out an annual evaluation of the Board with the aim of assessing how well the Board, its committees, the directors and the Chairman are performing. This formal evaluation process assesses the effectiveness of the Board as a whole. Assessment parameters include evaluation of the Board's composition, access to information, the quality of Board processes, accountability and the Board's performance in relation to discharging its principal responsibilities.

The Nominating Committee has conducted its evaluation of the Board in respect of the financial year ended 31 March 2018. No external facilitator was engaged for the purpose of this evaluation.

In view of the size and composition of the Board, the Board deems it unnecessary for the Nominating Committee to assess the effectiveness of each board committee.

The Nominating Committee is of the view that the primary aim of individual evaluation of each director is to assess whether each director continues to contribute effectively and demonstrate commitment to the role. This exercise is also to create a platform for the Board members to exchange feedback on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board. The assessment exercise also assists the directors to focus on their key responsibilities. It also helps the Nominating Committee in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board appointments are able to and have adequately discharge their duties as directors of the Company.

Informal assessments of executive directors have been conducted during the year under review and relevant feedback has been given. The Nominating Committee will look into the feasibility of conducting formal assessments for individual directors for the coming financial year.

Principle 6: Access to Information

Management recognises that it is essential to provide complete, adequate information on Group affairs and material events and transactions in a timely and on-going basis to the Board to enable the Board to discharge its duties effectively and efficiently. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means, e.g. electronic mail and teleconferencing. Alternatively, management will arrange to personally meet and brief each director before seeking the Board's approval on a particular issue. Any requests by directors for further explanation, briefings or informal discussions on any aspect of the Group's operations are always facilitated expeditiously.

The Board is provided with management reports which include board papers and related materials containing relevant background or explanatory information, financial analysis and/or external reports required to support the decision-making process. The Board is also provided with management accounts of the Group's performance, position and prospects on a quarterly basis.

The Board has separate and independent access to the management team and the company secretary, as well as to all Board and board committee minutes, resolutions and information papers.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. The company secretary ensures good information flows within the Board and the board committees and between management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary, together with other management staff, is responsible for ensuring that the Company complies with applicable requirements, rules and regulations.

The appointment and the removal of the company secretary is subject to the approval of the Board.

Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, management will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises three non-executive directors, two of whom are also independent. The members of the Remuneration Committee as at the date of this report are:-

Godfrey Ernest Scotchbrook, Chairman (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Loh Kai Keong (Non-Executive Director)

The objectives of the Remuneration Committee are to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual directors and senior management staff, and to implement and administer the Boustead Restricted Share Plan 2011.

The Remuneration Committee reviews and approves recommendations on remuneration policies and packages to attract, retain and motivate directors and senior management to exert their best efforts to work towards the growth of the Group, the protection and promotion of the interests of all shareholders and the interests of improved corporate performance. The review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the directors and senior management are aligned with those of shareholders. The review covers all aspects of remuneration, including but not limited to, salaries, fees, allowances, bonuses and benefits-in-kind. The Remuneration Committee has not appointed external remuneration consultants for the year under review but has had the benefit of relevant data from market surveys carried out by leading firms of compensation consultants.

The Remuneration Committee will determine the remuneration packages of the Chairman and the executive directors based on the performance of the Group and the individual director.

No member of the Remuneration Committee shall be involved in discussions concerning his own remuneration. The Remuneration Committee's recommendations are submitted to the Board for endorsement.

The Remuneration Committee reviews the Company's obligations arising in the event of termination of executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Currently, there are no special termination clauses or exorbitant compensation.

Principle 8: Level and Mix of Remuneration

Executive directors do not receive directors' fees but are remunerated as members of management. The remuneration package of executive directors and key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

Complementing this are long-term incentives in the form of share awards that can be granted under the Boustead Restricted Share Plan 2011. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Non-executive directors are paid directors' fees in accordance with their level of contributions, taking into account factors such as effort, time spent and responsibilities for serving on the Board and board committees, as well as the responsibilities and obligations of the directors. The directors' fees paid are in line with the non-executive directors' roles and responsibilities. The payment of fees to non-executive directors is subject to the approval of shareholders at each Annual General Meeting.

The Company does not currently have in place contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE

Principle 9: Disclosure on Remuneration

The remuneration of the directors and the top five key executives (executives who are not directors) in bands of S$250,000, are set out below:-

Remuneration of Directors for the year ended 31 March 2018

Name of Director	Salary	Bonus	Directors' Fee	Other Benefits	Total
S$500,000 to S$749,999					
Wong Fong Fui	30%	64%	-	6%	100%
S$250,000 to S$499,999					
Wong Yu Loon	66%	27%	-	7%	100%
Loh Kai Keong [(1)]	66%	28%	-	6%	100%
Below S$100,000					
Goh Boon Seong [(2)]	-	-	100%	-	100%
Chong Ngien Cheong	-	-	100%	-	100%
Godfrey Ernest Scotchbrook	-	-	100%	-	100%

(1) *Mr Loh Kai Keong served as Executive Director & Group Chief Financial Officer until his retirement from the role on 10 January 2018. He has remained on the Board as a Non-Executive Director.*

(2) *Mr Goh Boon Seong resigned as a director on 28 June 2018.*

Remuneration of key executives for the year ended 31 March 2018

Name of Executive	Salary	Bonus	Fees	Other Benefits	Total
S$1,000,000 to S$1,249,999					
Chu Kok Hong @ Choo Kok Hong	43%	39%	-	18%	100%
S$750,000 to S$999,999					
Brett John Bundock	52%	40%	-	8%	100%
S$500,000 to S$749,999					
Wong Yu Wei	46%	35%	-	19%	100%
Steven Koh Boon Teik	46%	34%	-	20%	100%
Lee Keen Meng	46%	34%	-	20%	100%

The total remuneration paid to the above five key executives for the financial year ended 31 March 2018 was approximately S$3,601,000.

Although the Code recommends the full disclosure of the remuneration of each individual director and the top five key management personnel, the Board believes that disclosure in such detail may be prejudicial to the business interests of the Group given the highly competitive environment it is operating in as well as competitive pressures in the talent market.

Save as disclosed in this report, there are no termination, retirement and post-employment benefits granted to directors, the Chief Executive Officer or key management personnel.

Two employees of the Group, Mr Wong Yu Loon and Mr Wong Yu Wei, who are sons of Mr Wong Fong Fui, Chairman and Group Chief Executive Officer, received remuneration exceeding S$50,000 for the year ended 31 March 2018. As details of their remuneration have been provided under the disclosure of the remuneration of directors and key executives above, the Board has decided not to further disclose their remuneration in incremental bands of S$50,000. Other than this, none of the directors had immediate family members who were employees of the Group and whose personal remuneration exceeded S$50,000 during the year.

The Boustead Restricted Share Plan 2011 (the "2011 Share Plan") was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associates of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of the committee duly authorised by the Board. The scheme is administered by the Remuneration Committee. Further information on the 2011 Share Plan can be found on pages 96 and 133 of the Annual Report.

CORPORATE GOVERNANCE

The remuneration of executive directors and key executives is linked directly to the Group's financial performance through a profit sharing formula, as well as individual key performance indicators.

The remuneration policy for staff adopted by the Group comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable performance bonus that is linked to corporate performance and individual performance, and supplemented by the 2011 Share Plan, under which share awards are granted based on the achievement of additional specific key performance indicators.

For the financial year ended 31 March 2018, all executive directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.

No director is involved in determining his own remuneration. The remuneration of the non-executive directors is in the form of a fixed fee.

The directors' fees, as a lump sum, is subject to approval by shareholders of the Company at Annual General Meetings.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board aims to present a balanced and comprehensive assessment of the Group's performance, financial position and prospects to shareholders through timely release of quarterly financial results through announcements via SGXNET and the Company's corporate website.

In compliance with Listing Manual of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

All of the directors and executive officers of the Group have also given undertakings to comply with the rules of the Listing Manual of the SGX-ST.

For the financial year under review, the Chief Executive Officer and the Director of Group Finance have provided assurance to the Board on the integrity of the Group's financial statements.

The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls.

Management provides the Board with management accounts and related financial information and updates on a timely basis in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the Company's performance, financial position and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and determines the Company's levels of risk tolerance and risk polices. The Board ensures that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with relevant legislations, regulations and best practices, and the identification and containment of business risks. The effectiveness of the risk management and internal control systems and procedures is monitored and reviewed by the Audit & Risk Committee.

The Board, aided by the Audit & Risk Committee, regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Audit & Risk Committee and the Board. The financial risk management objectives and policies are outlined in the financial statements. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Board is in a position to make more informed decisions and benefit from a better balance between risk and reward. This will assist in safeguarding and creating shareholder value.

CORPORATE GOVERNANCE

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the Audit & Risk Committee. Reviews of the Group's risk are conducted every quarter during the Audit & Risk Committee meetings and an overall assessment is also conducted at the end of each financial year.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by management and the Internal Audit Department, the Board, with the concurrence of the Audit & Risk Committee, is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 31 March 2018.

In addition, the Audit & Risk Committee and the Board have received assurance from the Group Chief Executive Officer and the Director of Group Finance that as of 31 March 2018:-

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems to address the key financial, operational, compliance and information technology risks affecting the operations are adequate to meet the needs of the Group in its current business environment.

Principle 12: Audit & Risk Committee

The Audit & Risk Committee comprises of four non-executive directors, three of whom are also independent. The members of the Audit & Risk Committee as at the date of this report are:-

Dr Tan Khee Giap, Chairman (Independent Non-Executive Director)
Chong Ngien Cheong (Independent Non-Executive Director)
Godfrey Ernest Scotchbrook (Independent Non-Executive Director)
Loh Kai Keong (Non-Executive Director)

The principal functions of the Audit & Risk Committee include:-

- overseeing the adequacy of the controls established by management to identify and manage areas of potential risk and to safeguard the assets of the Company;
- evaluating the processes in place to ensure that accounting records are properly maintained in accordance with statutory requirements and financial information provided to shareholders and the directors is accurate and reliable;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing the audit plans with external and internal auditors and reporting to the Board at least annually on the results of the internal auditors' examination and evaluation of the adequacy and effectiveness of the internal control system, including financial, operational, compliance and information technology controls (such review may be carried out internally or with the assistance of competent third parties);
- reviewing with internal auditors, the programme, scope and results of the internal audit and management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the Company's financial information;
- making recommendations to the directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing the interested person transactions or other transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the regulations of the SGX-ST, and are reasonable and in the best interests of the Company;
- monitoring the investments in customers, suppliers and competitors made by the directors, controlling shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interests;

CORPORATE GOVERNANCE

- reviewing filings with the SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;
- commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud, irregularity, failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;
- reviewing policy and arrangements by which the staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- reviewing risk management structure (including all hedging policies) and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the directors;
- reporting to the Board the work performed by the Audit & Risk Committee in carrying out its functions;
- reviewing the cooperation given by management to the external auditors; and
- performing any other act as delegated by the Board.

The Audit & Risk Committee has full access to and has the cooperation of management. It is given access to reasonable resources required for it to discharge its functions properly. The Audit & Risk Committee also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit & Risk Committee.

Members of the Audit & Risk Committee have relevant accounting or related financial management expertise or experience.

The Audit & Risk Committee is kept abreast by management and the external auditors of changes to accounting standards, the Listing Manual of the SGX-ST and other regulations which could have an impact on the Group's businesses and financial statements.

Members of the Audit & Risk Committee also keep themselves updated through relevant publications and by attending relevant seminars and courses.

The Audit & Risk Committee meets at least once a year with the external auditors and internal auditors without the presence of management.

The Audit & Risk Committee has reviewed the Group's audited consolidated financial statements for the financial year ended 31 March 2018 and discussed with management and the external auditors the significant matters which involved management judgment:-

Significant matters	How the Audit & Risk Committee reviewed these matters and what decisions were made
Contract revenue recognition using the percentage-of-completion ("POC") method	The Audit & Risk Committee reviewed the contract revenue recognition using the POC method and considered management's judgments, assumptions and methodologies used in the determination of the POC and found them to be reasonable. The contract revenue recognition using the POC method was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 March 2018. Refer to page 73 of this Annual Report.

The Audit & Risk Committee has undertaken a review of the nature and value of non-audit services provided to the Group by the external auditors during the financial year and is satisfied that the independence of the external auditors has not been impaired by the provision of these services. The breakdown of their fees for audit and non-audit services is found on Note 7 to the financial statements on page 100.

The Company has complied with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

CORPORATE GOVERNANCE

Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has in place a whistle-blowing policy and arrangements by which employees of the Group and third parties are provided with accessible channels to report and to raise, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or suspected fraud, corruption, dishonest practices or other misdemeanours.

The objective of the whistle-blowing policy is to facilitate independent investigation of such matters and appropriate follow-up actions.

The whistle-blowing policy, endorsed by the Audit & Risk Committee, provides the mechanisms through which employees of the Group may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to (i) a member of the Audit & Risk Committee, (ii) the Senior Vice-President - Internal Audit or (iii) the Senior Vice-President – Group Human Resources. Details of the whistle-blowing policies and arrangements have been communicated to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. The Senior Vice-President - Internal Audit is required to report to the Audit & Risk Committee if management receives any whistle blowing case.

The Group has zero tolerance for corruption and bribery.

There were no reported incidents pertaining to whistle-blowing during the year under review.

Principle 13: Internal Audit

The Audit & Risk Committee oversees the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The Internal Audit Department supports the Audit & Risk Committee in this regard.

The Internal Audit Department, headed by the Senior Vice-President - Internal Audit, identifies, analyses and manages the risks incurred by the Group in its activities and promotes continuous improvement to the Group's operations. As far as practicable, all major operating entities are closely examined at least once every year by the Internal Audit Department, which reports to the Chairman of the Audit & Risk Committee on any material non-compliance and internal control weaknesses.

The Internal Audit Department has unrestricted access to all documents, records, properties, and personnel of the Group and unrestricted direct access to the Audit & Risk Committee in carrying out its duties and responsibilities. The Senior Vice-President - Internal Audit reports to the Chairman of the Audit & Risk Committee and his performance and compensation is reviewed by the Audit & Risk Committee.

Annually, the Audit & Risk Committee reviews and approves audit plans and resource requirements prepared by the Internal Audit Department and ensures that the internal audit function is able to effectively and adequately discharge its duties. The Audit & Risk Committee is satisfied that the internal audit function is adequately resourced and the Senior Vice-President - Internal Audit is a senior member of management who has appropriate standing within the Group.

The Audit & Risk Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. External experts may be engaged to augment the capabilities of the Internal Audit Department as when and where required.

The audit work carried out by the Internal Audit Department is in accordance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors.

The Audit & Risk Committee reviews the adequacy and effectiveness of the Group's internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably and information is communicated to shareholders on a timely basis through annual reports, quarterly financial results and announcements of significant transactions that are released on SGXNET. Shareholders are also able to access investor-related information of the Group through a well-maintained and updated corporate website at **www.boustead.sg**.

The annual report is available for download from the Company's website and upon request, hardcopies of the annual report are sent to shareholders. The Notice of Annual General Meeting is sent to every shareholder and is also published in the press.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and be informed of the rules, including voting procedures that govern such meetings.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of CPF investors.

Principle 15: Communication with Shareholders

The Company has a dedicated Investor Relations team focused on facilitating communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the quarterly and full year financial results are available on the Company's website.

The Investor Relations team also holds separate briefing sessions for long-term shareholders, as well as newer shareholders.

To enable shareholders to contact the Company easily, the contact details of the Investor Relations personnel are set out in the Company's announcements as well as on the Company's website. The Investor Relations personnel have procedures in place for responding to investors' queries as soon as applicable.

Every quarterly financial results announcement of the Company is accompanied by a press release in English. In addition, financial results briefings are held by way of live audio webcasts in conjunction with the release of the Company's full year results, where executive directors and the Director of Group Finance are present to answer questions which investors, analysts and the media may have.

For details on the Group's Investor Relations activities, please refer to pages 50 to 51 of this Annual Report.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the directors may deem appropriate. Notwithstanding this, the Company has been declaring dividends on a half-yearly basis.

CORPORATE GOVERNANCE

Principle 16: Conduct of Shareholder Meetings

Shareholders are encouraged to participate effectively and vote at general meetings, where relevant rules and procedures governing such meetings are clearly communicated.

If shareholders are unable to attend the meetings, the Company's Constitution allows all shareholders to appoint up to two proxies to attend the general meetings and to vote on their behalf through proxy forms sent in advance.

Separate resolutions are proposed on each substantially separate issue at the general meetings. All resolutions at general meetings are single item resolutions.

Shareholders are also given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. The Board and senior management are present at each general meeting to respond to any questions from shareholders. The Group's external auditors are also present to address queries regarding the conduct of the audit and the preparation and content of the auditors' report.

The company secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and management. The minutes are available to shareholders upon request.

All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Manual of the SGX-ST.

The Company has conducted the voting of all its resolutions at all of its annual general meetings and extraordinary general meetings since 2016 by employing electronic poll voting. The detailed results of the electronic poll voting on each resolution tabled at the general meetings, including the total number of votes cast for or against each resolution tabled, are announced immediately at the general meetings and via SGXNET thereafter.

DEALINGS IN SECURITIES

All directors and officers of the Company and the Group are not allowed to deal in the Company's shares on short-term considerations and whilst in possession of unpublished price sensitive information. The Company, its directors and officers, including employees who have access to price-sensitive information are expected to comply which the Securities and Futures Act (Cap. 289) and observe laws against insider trading at all times.

In the course of doing business for the Company and the Group or in discussions with customers, vendors, or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited, "need to know" basis internally, and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

Dealing in the Company's shares is also prohibited during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of the financial year and during the period commencing one month before the announcement of the Group's annual results, and ending on the date of the relevant announcement.

MATERIAL CONTRACTS

Since the end of the previous financial year, no material contracts involving the interest of the Chief Executive Officer, each director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries, and no such contract subsisted as at 31 March 2018.

INTERESTED PERSON TRANSACTIONS

All transactions with interested persons must be at arm's length and reviewed by the Audit & Risk Committee.

For the financial year ended 31 March 2018, the Group did not enter into any transaction that would be regarded as an interested person transaction pursuant to the Listing Manual of the SGX-ST.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOUSTEAD SINGAPORE LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Boustead Singapore Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 March 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of financial position of the Group as at 31 March 2018;
- the statement of financial position of the Company as at 31 March 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOUSTEAD SINGAPORE LIMITED

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Contract revenue recognition using the percentage-of-completion ("POC") method *Refer to Note 3 (Critical accounting estimates, assumptions and judgements) and Note 20 (Contracts work-in-progress)* During the financial year ended 31 March 2018, contract revenue amounted to S$253,964,000 and it represented 61% of the total revenue of the Group. The Group uses the POC method to account for its contract revenue in accordance with FRS 11 *Construction Contracts*. We focused on the revenue recognition and provision for foreseeable losses under the POC method due to the significant management assumptions required in estimating the total contract costs.	We obtained an understanding of the projects in progress through discussions with management and project managers, conducted site visits for real estate solutions segment and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract revenue for projects in progress, our audit procedures include the following: • traced total contract sums to contracts entered into by the Group and its customers; and • recomputed the POC. In relation to total contract costs, our audit procedures include the following: • traced the costs to complete for selected projects by substantiating costs that have been committed to quotations and contracts entered; • assessed the competence of the surveyors/project managers; • tested the reasonableness of the costs to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of costs incurred against our understanding of the projects. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the cumulative contract revenue and the contract revenue for the current financial year as well as the amount of foreseeable loss (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the disclosures of the assumptions and the sensitivity in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOUSTEAD SINGAPORE LIMITED

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOUSTEAD SINGAPORE LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Chen Fah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 June 2018

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $'000	2017 $'000
Revenue	4	**414,094**	433,847
Cost of sales	7	**(262,332)**	(290,296)
Gross profit		**151,762**	143,551
Other income	5	**6,081**	6,126
Other (losses)/gains - net	6	**(4,294)**	17,005
Expenses			
- Selling and distribution	7	**(33,469)**	(30,727)
- Administrative	7	**(61,233)**	(63,042)
- Finance	9	**(2,014)**	(2,534)
Share of loss of an associated company and joint ventures	10	**(2,851)**	(2,693)
Profit before income tax		**53,982**	67,686
Income tax expense	11	**(12,882)**	(14,200)
Total profit		**41,100**	53,486
Profit attributable to:			
Equity holders of the Company		**25,388**	33,294
Non-controlling interests		**15,712**	20,192
		41,100	53,486
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	12	**4.89**	6.37
Diluted earnings per share	12	**4.89**	6.37

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $'000	2017 $'000
Total profit		**41,100**	53,486
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains	21, 34	**50**	989
- Reclassification to profit or loss on disposal	34	**(736)**	(14)
Currency translation differences arising from consolidation		**2,963**	(4,727)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of retirement benefit obligation, net of tax	32	**(145)**	190
Other comprehensive income/(loss), net of tax		**2,132**	(3,562)
Total comprehensive income		**43,232**	49,924
Total comprehensive income attributable to:			
Equity holders of the Company		**27,026**	30,349
Non-controlling interests		**16,206**	19,575
		43,232	49,924

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

AS AT 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	13	**265,382**	276,499	**58,097**	68,584
Trade receivables	14	**98,304**	100,797	**-**	-
Other receivables and prepayments	15	**52,035**	64,565	**529**	6,183
Financial assets held for trading	16	**987**	994	**987**	994
Loans to subsidiaries	17	**-**	-	**19,403**	15,237
Inventories	18	**1,134**	4,370	**-**	-
Properties held for sale	19	**30,730**	30,612	**-**	-
Contracts work-in-progress	20	**26,909**	28,198	**-**	-
Available-for-sale financial assets	21	**20,381**	250	**20,381**	250
		495,862	506,285	**99,397**	91,248
Non-current assets					
Trade receivables	14	**4,619**	-	**-**	-
Other receivables and prepayments	15	**3,127**	6,577	**-**	-
Available-for-sale financial assets	21	**38,565**	65,903	**17,646**	45,384
Property, plant and equipment	22	**11,830**	11,699	**-**	-
Investment properties	23	**128,827**	134,796	**-**	-
Intangible assets	24	**737**	992	**74**	74
Investments in associated companies	25	**588**	-	**-**	-
Investments in joint ventures	26	**37,148**	32,354	**-**	-
Investments in subsidiaries	27	**-**	-	**72,197**	76,965
Deferred income tax assets	28	**3,277**	2,968	**-**	-
		228,718	255,289	**89,917**	122,423
Total assets		**724,580**	761,574	**189,314**	213,671
LIABILITIES					
Current liabilities					
Trade and other payables	29	**176,271**	181,252	**1,049**	1,098
Income tax payable	11	**13,526**	12,946	**-**	-
Loans from subsidiaries	17	**-**	-	**48,475**	46,097
Contracts work-in-progress	20	**12,615**	20,688	**-**	-
Borrowings	30	**5,095**	18,295	**-**	-
Derivative financial instruments	31	**625**	653	**280**	653
		208,132	233,834	**49,804**	47,848
Non-current liabilities					
Trade and other payables	29	**5,092**	6,883	**-**	-
Borrowings	30	**65,409**	70,059	**-**	-
Pension liability	32	**2,662**	2,936	**-**	-
Deferred income tax liabilities	28	**3,784**	3,204	**-**	-
		76,947	83,082	**-**	-
Total liabilities		**285,079**	316,916	**49,804**	47,848
NET ASSETS		**439,501**	444,658	**139,510**	165,823
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	33	**104,555**	104,555	**104,555**	104,555
Treasury shares	33	**(35,285)**	(13,048)	**(35,285)**	(13,048)
Other reserves	34	**(30,263)**	(27,770)	**2,727**	3,539
Retained profits	35	**274,277**	258,215	**67,513**	70,777
		313,284	321,952	**139,510**	165,823
Non-controlling interests		**126,217**	122,706	**-**	-
Total equity		**439,501**	444,658	**139,510**	165,823

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		← Attributable to equity holders of the Company →						
		Share capital	Treasury shares	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Beginning of financial year		**104,555**	**(13,048)**	**(27,770)**	**258,215**	**321,952**	**122,706**	**444,658**
Profit for the year		**-**	**-**	**-**	**25,388**	**25,388**	**15,712**	**41,100**
Other comprehensive income/(loss) for the year	34	**-**	**-**	**1,783**	**(145)**	**1,638**	**494**	**2,132**
Total comprehensive income for the year		**-**	**-**	**1,783**	**25,243**	**27,026**	**16,206**	**43,232**
Employee share-based compensation								
- Value of employee services	34	**-**	**-**	**688**	**-**	**688**	**626**	**1,314**
- Treasury shares re-issued	33, 34	**-**	**126**	**(126)**	**-**	**-**	**-**	**-**
Dividends								
- In cash	36	**-**	**-**	**-**	**(13,055)**	**(13,055)**	**(5,130)**	**(18,185)**
Purchase of treasury shares	33	**-**	**(22,363)**	**-**	**-**	**(22,363)**	**-**	**(22,363)**
Purchase of treasury shares by a subsidiary	34	**-**	**-**	**(4,838)**	**3,874**	**(964)**	**(8,191)**	**(9,155)**
		-	**(22,237)**	**(4,276)**	**(9,181)**	**(35,694)**	**(12,695)**	**(48,389)**
End of financial year		**104,555**	**(35,285)**	**(30,263)**	**274,277**	**313,284**	**126,217**	**439,501**
2017								
Beginning of financial year		104,555	(12,600)	(25,052)	237,939	304,842	104,895	409,737
Profit for the year		-	-	-	33,294	33,294	20,192	53,486
Other comprehensive (loss)/income for the year	34	-	-	(3,119)	174	(2,945)	(617)	(3,562)
Total comprehensive (loss)/income for the year		-	-	(3,119)	33,468	30,349	19,575	49,924
Employee share-based compensation								
- Value of employee services	34	-	-	692	-	692	-	692
- Treasury shares re-issued	33, 34	-	291	(291)	-	-	-	-
Dividends								
- In cash	36	-	-	-	(13,192)	(13,192)	(1,729)	(14,921)
Purchase of treasury shares	33	-	(739)	-	-	(739)	-	(739)
Purchase of treasury shares by a subsidiary		-	-	-	-	-	(35)	(35)
		-	(448)	401	(13,192)	(13,239)	(1,764)	(15,003)
End of financial year		104,555	(13,048)	(27,770)	258,215	321,952	122,706	444,658

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit before income tax	**53,982**	67,686
Adjustments for:		
- Share of loss of an associated company and joint ventures	**2,851**	2,693
- Depreciation expense	**9,902**	10,619
- Amortisation of intangible assets	**221**	218
- (Gain)/Loss on disposal of property, plant and equipment	**(83)**	7
- Employee share-based compensation expense	**1,314**	692
- Allowance for impairment of receivables, net	**214**	2,265
- Impairment loss of an investment property	**-**	3,551
- Allowance for impairment of inventories	**2,676**	100
- Gain on disposal of available-for-sale financial assets	**(736)**	(8,927)
- Write-off of accrued leasing income	**-**	954
- Fair value gains on derivative financial instruments and financial assets held for trading	**(10)**	(577)
- Finance expenses	**2,014**	2,534
- Interest income	**(4,852)**	(4,870)
- Unrealised currency exchange gains/(losses)	**282**	(474)
	67,775	76,471
Change in working capital:		
- Trade receivables, other receivables and prepayments	**(5,454)**	(10,254)
- Inventories and contracts work-in-progress	**(6,511)**	11,848
- Properties held for sale	**(55)**	(164)
- Trade and other payables	**(3,950)**	(1,903)
Cash provided by operations	**51,805**	75,998
Interest received	**4,852**	4,870
Interest paid	**(2,014)**	(2,534)
Income tax paid	**(11,997)**	(12,588)
Net cash generated from operating activities	**42,646**	65,746
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**140**	8
Proceeds from disposal of available-for-sale financial assets	**50,864**	24,009
Purchase of property, plant and equipment	**(3,683)**	(2,030)
Purchase of available-for-sale financial assets	**(13,862)**	(30,351)
Proceeds from repayment of loans by joint ventures	**-**	5,453
Loans to joint ventures	**(9,390)**	(20,370)
Loan to an associated company	**(6,587)**	-
Loan to a related party	**(1,897)**	(2,054)
Dividends received from a joint venture	**115**	266
Addition to investment properties	**(377)**	-
Net cash provided by/(used in) investing activities	**15,323**	(25,069)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		2018 $'000	2017 $'000
Cash flows from financing activities			
Purchase of treasury shares		**(22,363)**	(739)
Purchase of treasury shares by a subsidiary		**(9,155)**	(35)
Repayment of borrowings		**(17,850)**	(5,095)
Dividends paid to non-controlling interests		**(5,130)**	(1,729)
Dividends paid to equity holders of the Company		**(13,055)**	(13,192)
Net cash used in financing activities		**(67,553)**	(20,790)
Net (decrease)/increase in cash and cash equivalents		**(9,584)**	19,887
Cash and cash equivalents			
Beginning of financial year	13	**276,499**	259,069
Effects of currency translation on cash and cash equivalents		**(1,533)**	(2,457)
End of financial year	13	**265,382**	276,499

Reconciliation of liabilities arising from financing activities

	1 April 2017 $'000	Principal and interest payments $'000	Non-cash changes Interest expenses	31 March 2018 $'000
Bank borrowings	88,354	(19,799)	1,949	**70,504**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Boustead Singapore Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832.

The principal activity of the Company is that of an investment holding company. The principal activities of its significant subsidiaries and joint ventures are set out in Note 27 and 26 respectively to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in the financial year ended 31 March 2018

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Reclassification of comparative figures

Certain comparative figures in Note 7 and Note 8 to the financial statements disclosure have been reclassified to conform with the current year's presentation.

The effects of the reclassifications are set out below:

	2017		
	As reported previously	**Increase/ (Decrease)**	**As reported presently**
	$'000	**$'000**	**$'000**
Note 7 – Group			
Employee compensation (Note 8)	68,400	692	69,092
Engineering and project management expenses	208,647	5,103	213,750
Purchases of inventories and services	68,214	(10,850)	57,364
Others	1,085	5,055	6,140
Note 8 – Group			
Wages and salaries	62,432	692	63,124

The above reclassifications do not have any impact to the net profit or loss, net assets and earnings per share as at 31 March 2018 and 2017. In addition, the reclassifications do not have any impact on the statement of financial position of the Group as at 1 April 2016.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating revenue within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Construction contracts

Refer to Note 2.7 for the accounting policy for revenue from construction contracts.

(b) Sale of goods and industrial properties

Revenue from the sale of goods and industrial properties is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and industrial properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and industrial leasehold properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition (cont'd)

(c) Rendering of service

Revenue from rendering of services is recognised when the services are rendered.

(d) Maintenance

Revenue from maintenance contracts is deferred and recognised on a straight-line basis over the term of the relevant contracts.

(e) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Rental income

Please refer to Note 2.18(b) for the accounting policy for rental income.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) fair value of the identifiable net assets acquired, is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Group accounting (cont'd)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less any impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses and other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The elimination of unrealised gains and losses are made through "investments in associated companies" and "investments in joint ventures" on the statement of financial position and "share of loss of an associated company and joint ventures" on the consolidated income statement. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.9 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Building	20 – 50 years
Leasehold property and fitouts	3 – 20 years
Machinery and equipment	3 – 5 years
Furniture, office equipment and motor vehicles	5 – 8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Intangible assets (cont'd)

(b) Acquired trademarks

Trademarks acquired as part of a business combination are fair valued based on their intended use in accordance with FRS 38 *Intangible Assets* and the expected future economic benefit to be derived by the Group from continuing to generate future operating cash inflows from products and services associated with the acquired trademark.

For trademarks assessed to have a finite useful life, it is initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Costs associated with trademarks and trademarks renewals are expensed off when incurred.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development.

2.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and these amounts are capable of being reliably measured.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contracts work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the reporting date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers within "contracts work-in-progress" under current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers within "contracts work-in-progress" under current liabilities.

Progress billings not yet paid by customers and retention sum receivables from customers are included within "trade receivables". Advances received are included within "trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially carried at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the estimated useful lives of 12 to 42 years for leasehold buildings and 15 years for machinery and equipment. No depreciation is provided for investment properties under construction and depreciation commences when the asset is ready for its intended use. The estimated useful lives and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets (other than goodwill)
Property, plant and equipment
Investment properties
Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment, investment properties and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables and prepayments", "loans to subsidiaries", "contracts work-in-progress" and "cash and cash equivalents" on the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Available-for-sale financial assets whose fair value cannot be reliably measured are measured at cost less impairment loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Properties held for sale

Properties held for sale are carried at the lower of cost (specific identification method) and net realisable value. Cost includes land cost, related acquisition expenses, construction costs and finance costs incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For net investment hedge, the fair value changes on the effective portion of the hedging instruments are recognised in other comprehensive income. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

Net investment hedge

Currency forwards and options

For currency forwards and options that qualify as net investment hedges of foreign operation, the fair value changes on the effective portion of the currency forwards and options designated as net investment hedges are recognised in other comprehensive income in the consolidated financial statements, accumulated in the foreign currency translation reserve. On disposal of the foreign operation or maturity of the currency forwards and options, any fair value changes previously recognised in other comprehensive income is reclassified to profit or loss.

The fair value changes relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.18 Leases

(a) When the Group is the lessee:

The Group leases land and office premises under operating leases.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases investment properties and properties held for sale under operating leases to non-related parties.

Leases of investment properties and properties held for sale where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.19 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the consolidated income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Post-employment benefits

The Group operates both defined benefit and defined contribution post-employment benefit plans in accordance with local conditions and practices in the countries in which it operates.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(ii) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is determined with reference to actuarial valuations issued by independent actuaries using the attained age method which will yield the same actuarial liability amount as the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations. The resulting defined benefit asset or liability is presented separately as other non-current asset or liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

(b) Employee share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of share awards is recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the share awards granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under share awards that are expected to vest on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under share awards that are expected to vest on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

When the share awards are vested, the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Employee compensation (cont'd)

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.23 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("presentation currency"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, and any fair value changes on the effective portion of derivative financial instruments designated and qualifying as net investment hedge are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other (losses)/gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and statement of financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management, whose members are responsible for allocating resources and assessing performance of the operating segments.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts, if any, are presented as current borrowings on the statement of financial position.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the costs of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and assumptions

Revenue recognition – long-term contracts

The Group has significant contracts that are on-going as at 31 March 2018, as disclosed in Note 20. For these contracts, management has to estimate the total contract costs to complete, which are used to measure the stage of completion for the Group's recognition of contract revenue. When it is probable that the total contract costs will exceed the total contract revenue, a provision for foreseeable losses is recognised as expense immediately.

Significant assumptions are used to estimate these total contract costs to complete. In making such assumptions, the Group evaluates by relying on the expertise of the surveying engineers/project managers to determine the progress of the construction and also on past experience of cost estimates.

If the percentage-of-completion at the reporting date had been higher/lower by 1% (2017: 1%) from management's estimates, the Group's revenue and gross profit would have been higher/lower by $5,081,000 (2017: $4,895,000) and $713,000 (2017: $840,000) respectively. As at 31 March 2018, the Group recognised an allowance for foreseeable losses on contracts work-in-progress amounting to $9,619,000 (2017: $6,886,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. REVENUE

	Group	
	2018 $'000	**2017 $'000**
Contract revenue	**253,964**	284,354
Sale of goods	**38,646**	30,985
Rendering of services and maintenance	**88,812**	84,686
Property rental income	**31,476**	33,090
Dividend income	**1,196**	732
	414,094	433,847

5. OTHER INCOME

	Group	
	2018 $'000	**2017 $'000**
Interest income		
- Bank deposits	**2,657**	3,279
- Available-for-sale financial assets	**1,020**	1,100
- Loan to an associated company	**310**	140
- Loan to a related party*	**723**	170
- Loan to a joint venture	**-**	27
- Others	**142**	154
	4,852	4,870
Sublease income	**1,229**	1,256
	6,081	6,126

* *Subsidiary of an associated company*

6. OTHER (LOSSES)/GAINS - NET

	Group	
	2018 $'000	**2017 $'000**
Fair value gains on derivative financial instruments and financial assets held for trading	**10**	577
Impairment loss of an investment property	**-**	(3,551)
Gain on disposal of available-for-sale financial assets:		
- Quoted securities	**736**	14
- Unquoted securities	**-**	8,913
Compensation from termination of lease	**-**	9,407
Currency exchange (losses)/gains – net	**(5,040)**	1,645
	(4,294)	17,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. EXPENSES BY NATURE

	Group	
	2018 **$'000**	**2017** **$'000**
Employee compensation (Note 8)	**70,296**	69,092
Engineering and project management expenses	**186,583**	213,750
Purchases of inventories and services	**57,461**	57,364
Depreciation expense (Notes 22 and 23)	**9,902**	10,619
Directors' fees		
- Directors of the Company	**232**	219
- Directors of a subsidiary	**244**	244
Allowance for impairment of receivables, net	**214**	2,265
Allowance for impairment of inventories	**2,676**	100
Fees on audit services paid/payable to:		
- Auditor of the Company	**391**	388
- Other auditors	**247**	242
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**87**	44
- Other auditors	**67**	35
Amortisation of intangible assets	**221**	218
Legal and professional fees	**2,960**	3,099
Rental expense on operating leases	**8,078**	8,548
Property tax	**3,558**	3,694
Utility charges	**455**	403
Repair and maintenance expenses	**3,040**	2,848
Selling expenses	**2,445**	3,792
(Gain)/Loss on disposal of property, plant and equipment	**(83)**	7
Write-off of accrued leasing income	**-**	954
Others	**7,960**	6,140
Total cost of sales, selling and distribution and administrative expenses	**357,034**	384,065

8. EMPLOYEE COMPENSATION

	Group	
	2018 **$'000**	**2017** **$'000**
Wages and salaries	**63,679**	63,124
Employer's contribution to defined contribution plans including Central Provident Fund	**5,136**	5,007
Employee share-based compensation expense (Note 33)	**1,314**	692
Other benefits	**167**	269
	70,296	69,092

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

9. FINANCE EXPENSES

	Group	
	2018 **$'000**	**2017** **$'000**
Interest expense	**2,014**	2,534

10. SHARE OF LOSS OF AN ASSOCIATED COMPANY AND JOINT VENTURES

	Group	
	2018 **$'000**	**2017** **$'000**
Share of profits/(losses) after income tax		
- An associated company	**1,527**	(602)
- Joint ventures	**878**	99
	2,405	(503)
Unwinding of previously recognised/(elimination of) share of unrealised construction and project management margins - net		
- An associated company	**103**	(586)
- Joint ventures	**(5,359)**	(1,604)
	(5,256)	(2,190)
	(2,851)	(2,693)

11. INCOME TAXES

(a) Income tax expense

	Group	
	2018 **$'000**	**2017** **$'000**
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore	**6,905**	10,792
- Foreign	**7,463**	4,694
	14,368	15,486
Deferred income tax (Note 28)	**42**	1,013
	14,410	16,499
- Over/(Under) provision in prior financial years:		
Current income tax	**(1,682)**	(1,503)
Deferred income tax (Note 28)	**154**	(796)
	(1,528)	(2,299)
	12,882	14,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

11. INCOME TAXES (cont'd)

(a) Income tax expense (cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018 $'000	**2017 $'000**
Profit before tax	**53,982**	67,686
Share of loss of an associated company and joint ventures	**2,851**	2,693
Profit before tax and share of loss of an associated company and joint ventures	**56,833**	70,379
Tax calculated at tax rate of 17% (2017: 17%)	**9,662**	11,964
Effects of:		
- expenses not deductible for tax purposes	**2,506**	3,223
- different tax rates in other countries	**2,941**	1,929
- deferred income tax assets not recognised	**894**	874
- income not subject to tax	**(527)**	(318)
- tax incentives	**(616)**	(841)
- intra-group unrealised gains subject to tax	**12**	195
- over provision in prior financial years - net	**(1,528)**	(2,299)
- others	**(462)**	(527)
Tax charge	**12,882**	14,200

(b) Movement in current income tax payable

	Group	
	2018 $'000	**2017 $'000**
Beginning of financial year	**12,946**	11,590
Currency translation differences	**(109)**	(39)
Income tax paid	**(11,997)**	(12,588)
Tax expense	**14,368**	15,486
Over provision in prior financial years	**(1,682)**	(1,503)
End of financial year	**13,526**	12,946

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2018	2017
Profit attributable to equity holders of the Company ($'000)	**25,388**	33,294
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**519,708**	522,318
Basic earnings per share (cents per share)	**4.89**	6.37

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Dilutive potential ordinary shares arises from share awards. The weighted average number of shares on issue has been adjusted as if all dilutive share awards were vested. The number of shares that could have been issued upon the vesting of all dilutive share awards is added to the denominator as the number of share issued for no consideration. No adjustment is made to the total profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2018	2017
Profit attributable to equity holders of the Company ($'000)	**25,388**	33,294
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	**519,708**	522,495
Diluted earnings per share (cents per share)	**4.89**	6.37

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Cash at bank and on hand	**134,518**	137,472	**9,523**	4,868
Short-term bank deposits	**130,864**	139,027	**48,574**	63,716
	265,382	276,499	**58,097**	68,584

Cash and cash equivalents belonging to a subsidiary of the Group amounting to $5,183,000 (2017: $4,594,000) is held in the People's Republic of China and is subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

14. TRADE RECEIVABLES

	Group	
	2018 $'000	**2017 $'000**
Current		
Trade receivables – non-related parties	**90,290**	103,519
Less: Allowance for impairment of receivables		
- non-related parties	**(28,056)**	(28,235)
	62,234	75,284
Trade receivables:		
- Joint ventures	**21,051**	6,814
- A related party*	**1,075**	5,405
Retention sum receivables	**13,944**	13,294
	98,304	100,797
Non-current		
Retention sum receivables	**4,619**	-
	4,619	-

* *Subsidiary of an associated company*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current				
Loans to:				
- An associated company	**10,208**	3,406	**-**	-
- A related party*	**6,710**	4,527	**-**	-
	16,918	7,933	**-**	-
Other receivables:				
- Subsidiaries	**-**	-	**-**	1,282
- Joint ventures	**10**	196	**-**	-
- An associated company	**870**	527	**-**	-
- A related party*	**517**	223	**-**	-
- Non-related parties	**16,801**	41,428	**2,545**	2,717
Less: Allowance for impairment of other receivables – non-related parties	**(5,658)**	(5,766)	**(2,016)**	(2,016)
	29,458	44,541	**529**	1,983
Tax recoverable	**1,407**	2,334	**-**	-
Deposits	**5,847**	1,739	**-**	-
Prepayments	**15,137**	15,601	**-**	4,200
Staff loans and advances	**186**	350	**-**	-
	52,035	64,565	**529**	6,183
Non-current				
Other receivables from:				
- Non-related parties	**1,571**	4,709	**-**	-
- Prepayments	**1,556**	1,868	**-**	-
	3,127	6,577	**-**	-

* *Subsidiary of an associated company*

The loan to an associated company is unsecured, bears interest at 0.50% (2017: 0.50%) above Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum and is repayable on demand. The loan to a related party is unsecured, bears interest at 1.40% (2017: 1.40%) above KLIBOR per annum and is repayable on demand.

Other receivables due from subsidiaries, joint ventures, an associated company and a related party are unsecured, interest-free and repayable on demand.

As at 31 March 2017, included within other receivables - current from non-related parties is an amount of $26,125,000, being the remaining portion of consideration from the Group's disposal of its entire shareholding in an unquoted equity shares (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15. OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

During the financial year ended 31 March 2018, the Group and the Company have recognised an allowance for impairment of receivables from a non-related party amounting to $Nil (2017: $2,016,000) as management does not expect to recover the receivables from the non-related party. No allowance is recognised on the remaining other receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Movement in the allowance for impairment of other receivables:

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Beginning of financial year	**5,766**	3,707	**2,016**	-
Currency translation differences	**(108)**	43	**-**	-
Allowance made	**-**	2,016	**-**	2,016
End of financial year	**5,658**	5,766	**2,016**	2,016

16. FINANCIAL ASSETS HELD FOR TRADING

	Group and Company	
	2018 $'000	**2017 $'000**
Beginning of financial year	**994**	970
Currency translation differences	**(7)**	24
End of financial year	**987**	994

Financial assets held for trading relate to credit-linked notes that present the Group and the Company with opportunities for return through interest income and fair value gains.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

17. LOANS TO/FROM SUBSIDIARIES

	Company	
	2018 **$'000**	**2017** **$'000**
Loans to subsidiaries		
- Non-interest bearing	**23,887**	21,561
- Interest bearing	**17,345**	13,681
	41,232	35,242
Less: Allowance for impairment of loans to subsidiaries	**(21,829)**	(20,005)
	19,403	15,237
Loans from subsidiaries		
- Non-interest bearing	**1,892**	1,892
- Interest bearing	**46,583**	44,205
	48,475	46,097

Non-interest bearing loans to/from subsidiaries are unsecured and repayable on demand.

Interest bearing loans to subsidiaries bear effective interest at 0.10% (2017: 0.10%) per annum and are unsecured and repayable on demand.

Interest bearing loans from subsidiaries bear effective interest at 1.08% (2017: 1.20%) per annum and are unsecured and repayable on demand.

Movement in the allowance for impairment of loans to subsidiaries:

	Company	
	2018 **$'000**	**2017** **$'000**
Beginning of financial year	**20,005**	18,384
Allowance made	**1,824**	1,621
End of financial year	**21,829**	20,005

18. INVENTORIES

	Group	
	2018 **$'000**	**2017** **$'000**
Raw materials	**708**	3,501
Finished goods	**426**	869
	1,134	4,370

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $28,047,000 (2017: $29,494,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19. PROPERTIES HELD FOR SALE

The Group has the following properties held for sale:

Location	Description/Area	Tenure
(1) Singapore No. 12 Changi North Way	Industrial/ Gross floor: 23,881 sq metres	30 years from 16 January 2005 with an option to extend a further 30 years
(2) Singapore No. 16 Changi North Way	Industrial/ Gross floor: 11,320 sq metres	27 years 4 months from 1 September 2007 with an option to extend a further 30 years
(3) Singapore No. 25 Changi North Rise	Industrial/ Gross floor: 7,014 sq metres	30 years from 1 February 2007
(4) Singapore No. 85 Tuas South Avenue 1	Industrial/ Gross floor: 10,433 sq metres	30 years from 16 April 2007 with an option to extend a further 23 years
(5) People's Republic of China No. 3 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 4,663 sq metres	50 years from 15 April 2003
(6) People's Republic of China No. 7 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 6,038 sq metres	50 years from 15 April 2003
(7) People's Republic of China No. 18 Xin Mei Road Plot 117, Wuxi New District Wuxi Jiangsu	Industrial/ Gross floor: 3,238 sq metres	50 years from 15 April 2003

As at 31 March 2018, properties held for sale amounting to $9,132,000 (2017: $9,070,000) are pledged to the banks for banking facilities (Note 30).

Independent professional valuations of the Group's properties held for sale have been performed by independent valuers with appropriate recognised professional qualifications and recent experience with the location and category of the properties being valued. The valuers have considered the direct comparison method for comparable properties and capitalisation approach in deriving the valuation of $96,605,000 (2017: $99,659,000). Key inputs used in the valuations are the estimated annual net rent, internal rate of return and comparable sales in the area.

The fair values of properties held for sale are within level 3 of the fair value hierarchy.

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20. CONTRACTS WORK-IN-PROGRESS

	Group	
	2018 $'000	**2017 $'000**
Contracts work-in-progress:		
Amounts due from contract customers	**26,909**	28,198
Aggregate contract costs incurred and profits recognised to date	**279,316**	416,035
Less: Progress billings	**(242,788)**	(380,951)
Less: Allowance for foreseeable losses	**(9,619)**	(6,886)
	26,909	28,198
Contracts work-in-progress:		
Amounts due to contract customers	**12,615**	20,688
Progress billings	**84,116**	159,179
Less: Aggregate contract costs incurred and profits recognised to date	**(71,501)**	(138,491)
	12,615	20,688

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Beginning of financial year	**66,153**	75,133	**45,634**	36,742
Currency translation differences	**(350)**	187	**(350)**	187
Additions	**18,062**	30,351	**17,662**	30,351
Fair value gains recognised in other comprehensive income (Note 34)	**50**	989	**50**	989
Disposals	**(24,969)**	(40,507)	**(24,969)**	(22,635)
End of financial year	**58,946**	66,153	**38,027**	45,634
Less: Current portion	**(20,381)**	(250)	**(20,381)**	(250)
Non-current portion	**38,565**	65,903	**17,646**	45,384

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21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Quoted securities - Singapore				
- Equity shares, at fair value	**8,347**	21,124	**8,347**	21,124
- Debt securities, at fair value	**29,680**	24,510	**29,680**	24,510
Unquoted securities				
- Equity shares, at fair value	**400**	-	**-**	-
- Equity shares, at cost (Note (a))	**20,519**	20,519	**-**	-
	58,946	66,153	**38,027**	45,634

On 25 January 2017, the Company's subsidiary entered into a sale and purchase agreement to dispose of its entire shareholding in an unquoted equity security amounting to $17,872,000. The disposal was completed on 31 March 2017.

(a) Included within available-for-sale financial asset is an unquoted equity shares amounting to $20,519,000 (2017: $20,519,000) carried at cost.

This relates to a 5.27% equity interest in Perennial Tongzhou Development Pte. Ltd., representing 4.0% effective interest in Beijing Tongzhou Integrated Development (Phase 1), a mixed-use project located in Beijing's Tongzhou District. There is no active market for the security and the fair value cannot be reasonably measured.

The unquoted equity shares is held for long-term investment purpose and management currently has no intention to dispose it.

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22. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Leasehold property and fitouts	Machinery and equipment	Furniture, office equipment and motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2018						
Cost						
Beginning of financial year	**443**	**5,019**	**5,126**	**7,292**	**16,849**	**34,729**
Currency translation differences	**17**	**194**	**(220)**	**(541)**	**(69)**	**(619)**
Additions	**-**	**-**	**1,862**	**393**	**1,428**	**3,683**
Disposals	**-**	**-**	**(5)**	**(803)**	**(1,605)**	**(2,413)**
End of financial year	**460**	**5,213**	**6,763**	**6,341**	**16,603**	**35,380**
Accumulated depreciation						
Beginning of financial year	**-**	**804**	**3,631**	**5,789**	**12,806**	**23,030**
Currency translation differences	**-**	**33**	**(164)**	**(490)**	**(59)**	**(680)**
Depreciation charge	**-**	**102**	**424**	**1,010**	**2,020**	**3,556**
Disposals	**-**	**-**	**(5)**	**(808)**	**(1,543)**	**(2,356)**
End of financial year	**-**	**939**	**3,886**	**5,501**	**13,224**	**23,550**
Net book value						
End of financial year	**460**	**4,274**	**2,877**	**840**	**3,379**	**11,830**
2017						
Cost						
Beginning of financial year	487	5,517	5,008	8,937	15,883	35,832
Currency translation differences	(44)	(498)	115	(1,557)	(197)	(2,181)
Additions	-	-	6	522	1,502	2,030
Disposals	-	-	(3)	(610)	(339)	(952)
End of financial year	443	5,019	5,126	7,292	16,849	34,729
Accumulated depreciation						
Beginning of financial year	-	772	3,042	6,210	11,243	21,267
Currency translation differences	-	(71)	76	(998)	(169)	(1,162)
Depreciation charge	-	103	516	1,185	2,058	3,862
Disposals	-	-	(3)	(608)	(326)	(937)
End of financial year	-	804	3,631	5,789	12,806	23,030
Net book value						
End of financial year	443	4,215	1,495	1,503	4,043	11,699

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

23. INVESTMENT PROPERTIES

	Group	
	2018 $'000	**2017 $'000**
Cost		
Beginning of financial year	**162,192**	163,270
Additions	**377**	-
Adjustments on costs finalisation	**-**	(1,078)
End of financial year	**162,569**	162,192
Accumulated depreciation and impairment loss		
Beginning of financial year	**27,396**	17,088
Depreciation charge	**6,346**	6,757
Impairment charge	**-**	3,551
End of financial year	**33,742**	27,396
Net book value		
End of financial year	**128,827**	134,796

Investment properties are leased to non-related parties under operating leases (Note 37(b)).

The following amounts are recognised in profit and loss:

	Group	
	2018 $'000	**2017 $'000**
Rental income	**22,531**	25,257
Direct operating expenses arising from:		
- Investment properties that generate rental income	**5,023**	5,408
- Investment property that does not generate rental income	**287**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

23. INVESTMENT PROPERTIES (cont'd)

As at 31 March 2018, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Terms of lease
10 Seletar Aerospace Heights	Industrial/Leasehold	Rental	30 years from 1 June 2012
80 Boon Keng Road (Phase 1)	Industrial/Leasehold	Rental	30 years from 1 April 2011 with an option to extend a further 26 years
16 Tampines Industrial Crescent	Industrial/Leasehold	Rental	30 years from 16 June 2012
26 Changi North Rise	Industrial/Leasehold	Rental	30 years from 30 April 2010 with an option to extend a further 30 years
10 Changi North Way	Industrial/Leasehold	Rental	24 years from 16 September 2010 with an option to extend a further 30 years
80 Boon Keng Road (Phase 2)	Industrial/Leasehold	Rental	30 years from 1 October 2013 with an option to extend a further 16 years
31 Tuas South Ave 10	Industrial/Leasehold	Rental	30 years from 16 December 2013
10 Tukang Innovation Drive	Industrial/Leasehold	Rental	30 years from 1 November 2013
36 Tuas Road	Industrial/Leasehold	Rental	12 years from 1 October 2013 with an option to extend a further 30 years
Road No. 3, Nhon Trach II Industrial Park – Nhon Phu, Phu Hoi Commune, Nhon Trach District, Dong Nai Province	Industrial/Leasehold	Construction in progress	39 years 2 months from 22 December 2017

As at 31 March 2018, investment properties amounting to $33,499,000 (2017: $45,320,000) have been pledged to banks for banking facilities (Note 30).

Independent professional valuations of the Group's completed investment properties have been performed by independent valuers with appropriate recognised professional qualification and recent experience with the location and category of the properties being valued. The valuers have considered the direct comparison method for comparable properties and capitalisation approach in deriving the valuation of $249,310,000 (2017: $252,100,000). Key inputs used in the valuations are the estimated annual net rent, internal rate of return and comparable sales in the area.

The fair values of investment properties are within level 3 of the fair value hierarchy.

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24. INTANGIBLE ASSETS

	Trademarks	Others	Total
	$'000	$'000	$'000
Group			
2018			
Cost			
Beginning of financial year	**1,346**	**399**	**1,745**
Currency translation differences	**(63)**	**-**	**(63)**
End of financial year	**1,283**	**399**	**1,682**
Accumulated amortisation			
Beginning of financial year	**448**	**143**	**591**
Currency translation differences	**(29)**	**-**	**(29)**
Amortisation charge	**221**	**-**	**221**
End of financial year	**640**	**143**	**783**
Accumulated impairment			
Beginning and end of financial year	**-**	**162**	**162**
Net book value			
End of financial year	**643**	**94**	**737**
2017			
Cost			
Beginning of financial year	1,311	399	1,710
Currency translation differences	35	-	35
End of financial year	1,346	399	1,745
Accumulated amortisation			
Beginning of financial year	219	143	362
Currency translation differences	11	-	11
Amortisation charge	218	-	218
End of financial year	448	143	591
Accumulated impairment			
Beginning and end of financial year	-	162	162
Net book value			
End of financial year	898	94	992

Trademarks were acquired in 2010 as part of the acquisition of a subsidiary. The fair value was based on its intended use and the expected future economic benefit to be derived from the future operating cash inflows from products and services associated with the acquired trademarks.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

25. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2018 **$'000**	**2017** **$'000**
Beginning of financial year	**-**	200
Currency translation differences	**(7)**	(47)
Share of gain/(loss), net of tax	**1,527**	(602)
Unwinding of previously recognised/(elimination of) share of unrealised construction and project management margins - net	**103**	(586)
Reclassification (from)/to deferred gain	**(1,035)**	1,035
End of financial year	**588**	-

The associated companies are, in the opinion of the directors, not material to the Group.

The Company's subsidiary, Boustead Projects Limited, has granted a proportional corporate guarantee to the bank as security for the loan of $21,266,000 (2017: $28,799,000) granted to an associated company.

During the financial year, a subsidiary of the associated company has taken bank financing to finance its development and Boustead Project Limited has granted a proportional corporate guarantee to the bank as security for the loan of $9,979,000.

There are no other contingent liabilities and capital commitments relating to the Group's interest in the associated companies.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26. INVESTMENTS IN JOINT VENTURES

	Group	
	2018 $'000	**2017 $'000**
Beginning of financial year	**32,354**	13,755
Capital contribution	**9,390**	20,370
Share of profits, net of tax	**878**	99
Elimination of share of unrealised construction and project management margins - net	**(5,359)**	(1,604)
Elimination of dividends	**(115)**	(266)
End of financial year	**37,148**	32,354

Set out below are the joint ventures held by the Company's subsidiary, Boustead Projects Limited ("BP"), as at 31 March 2018 and 2017. The joint ventures are funded via a combination of share capital and shareholders' loans.

Name of entity	Principal activities	Country of business/ incorporation	% of ownership interest	
			2018	**2017**
Held by Boustead Projects Limited				
BP-Vista LLP [(1)]	Holding of property for rental income	Singapore	**30%**	30%
BP-DOJO LLP [(1)]	Holding of property for rental income	Singapore	**51%**	51%
BP-Ubi Development Pte Ltd and its subsidiary [(1)]	Holding of property for rental income	Singapore	**50%**	50%
BP-SF Turbo LLP [(1)]	Holding of property for rental income	Singapore	**50%**	50%
BP-CA3 LLP [(1)]	Holding of property for rental income	Singapore	**50%**	50%

(1) *Audited by PricewaterhouseCoopers LLP, Singapore*

The subsidiary of BP-Ubi Development Pte Ltd has taken bank financing to finance its development and BP has granted a proportional corporate guarantee to the bank as security for the loan of $20,450,000 (2017: $21,250,000). There are no other contingent liabilities relating to the Group's interest in the joint ventures. BP has $7,911,000 (2017: $17,944,000) of commitments to provide funding if called, relating to its joint ventures.

The carrying amounts of the Group's material joint ventures, namely BP-Vista LLP and BP-DOJO LLP are as follows:

	2018 $'000	**2017 $'000**
BP-Vista LLP	**10,754**	10,909
BP-DOJO LLP	**20,264**	16,861
Other joint ventures	**6,130**	4,584
	37,148	32,354

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26. INVESTMENTS IN JOINT VENTURES (cont'd)

Summarised financial information for joint ventures

Set out below are the summarised financial information for BP-Vista LLP and BP-DOJO LLP.

Summarised statements of financial position

	BP-Vista LLP As at 31 March		BP-DOJO LLP As at 31 March	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current assets	**13,779**	7,273	**13,678**	10,164
Includes:				
- Cash and cash equivalents	**7,129**	3,589	**3,265**	3,744
Non-current assets	**130,337**	136,088	**142,382**	95,253
Current liabilities	**(99,432)**	(7,697)	**(21,549)**	(7,928)
Includes:				
- Financial liabilities (excluding trade and other payables)	**(96,339)**	-	**(4,355)**	(4,355)
- Other liabilities (including trade and other payables)	**(3,093)**	(7,697)	**(17,194)**	(3,573)
Non-current liabilities	**(43,871)**	(136,637)	**(134,628)**	(97,496)
Includes:				
- Financial liabilities	**-**	(92,766)	**(85,277)**	(64,080)
Net assets/(liabilities)	**813**	(973)	**(117)**	(7)

Summarised statements of comprehensive income

	BP-Vista LLP For the financial year ended 31 March		BP-DOJO LLP For the financial year ended 31 March	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Revenue	**11,347**	2,742	**-**	-
Interest income	**8**	-	**4**	-
Expenses	**(9,569)**	(3,705)	**(114)**	(7)
Includes:				
- Depreciation and amortisation	**(5,350)**	(2,174)	**-**	-
- Interest expense	**(2,492)**	(1,012)	**-**	-
- Other expenses	**(1,727)**	(519)	**(114)**	(7)
Profit/(Loss) after income tax, representing total comprehensive income/(loss)	**1,786**	(963)	**(110)**	(7)
Share of profit/(loss), net of tax	**536**	(289)	**(56)**	(4)
Elimination of share of unrealised construction and project management margins - net	**(692)**	(1,444)	**(3,519)**	(177)
Share of loss after income tax, representing total comprehensive loss	**(156)**	(1,733)	**(3,575)**	(181)

The information above reflects the amounts presented in the financial statements of the joint ventures and the Group's share of those amounts adjusted for differences in accounting policies between the Group and the joint ventures.

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26. INVESTMENTS IN JOINT VENTURES (cont'd)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint ventures, is as follows:

	BP-Vista LLP As at 31 March		BP-DOJO LLP As at 31 March	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Net assets/(liabilities)				
Beginning of financial year	**(973)**	(10)	**(7)**	-
Profit/(Loss) for the financial year	**1,786**	(963)	**(110)**	(7)
End of financial year	**813**	(973)	**(117)**	(7)
Interests in joint ventures (30%; 51%)	**244**	(292)	**(60)**	(4)
Shareholders' loans	**13,161**	13,161	**24,019**	17,042
Elimination of share of unrealised construction and project management margins - net	**(2,651)**	(1,960)	**(3,695)**	(177)
Carrying value	**10,754**	10,909	**20,264**	16,861

The aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	For the financial year ended 31 March	
	2018 $'000	**2017 $'000**
Profit after income tax, representing total comprehensive income	**796**	784
Share of profits, net of tax	**398**	392
Elimination of share of unrealised construction and project management margins - net	**(1,148)**	17
Share of (loss)/profit after income tax, representing total comprehensive (loss)/income	**(750)**	409
Aggregate carrying value	**6,130**	4,584

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27. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 $'000	**2017 $'000**
Equity shares at cost		
Beginning and end of financial year	**102,709**	102,709
Less: Allowance for impairment losses	**(38,205)**	(34,505)
	64,504	68,204
Loans to subsidiaries	**23,422**	24,909
Less: Allowance for impairment of loans to subsidiaries	**(15,729)**	(16,148)
	7,693	8,761
	72,197	76,965

The loans to subsidiaries are unsecured and interest-free. The loans to subsidiaries are treated as part of investments in subsidiaries as the Company does not expect to demand repayment of the loans.

Movement in the allowance for impairment losses of equity shares:

	Company	
	2018 $'000	**2017 $'000**
Beginning of financial year	**34,505**	32,005
Allowance made	**3,700**	2,500
End of financial year	**38,205**	34,505

As at 31 March 2018, management assessed the recoverability of its investments and is of the view that certain subsidiary's recoverable amounts may be lower than its cost of investments and accordingly, an impairment loss of $3,700,000 (2017: $2,500,000) has been made.

Movement in the allowance for impairment of loans to subsidiaries:

	Company	
	2018 $'000	**2017 $'000**
Beginning of financial year	**16,148**	16,504
Allowance written back	**(419)**	(356)
End of financial year	**15,729**	16,148

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27. INVESTMENTS IN SUBSIDIARIES (cont'd)

As at 31 March 2018 and 2017, there were write-backs of allowance for loan receivables as a portion of the loan receivables from its subsidiary has been repaid.

Details of significant subsidiaries as at 31 March 2018 and 2017 are set out below:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2018 %	Equity holding 2017 %
Significant subsidiaries held by the Company				
Boustead Projects Limited [1]	Design-and-build and development of industrial facilities and industrial parks for lease or sale	Singapore	**53.0** [8]	51.2
Boustead Services Pte Ltd [1]	Provision of management services	Singapore	**100.0**	100.0
Esri Australia Pty Ltd [2]	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Australia	**88.2**	88.2
Esri South Asia Pte Ltd [1]	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Singapore	**88.2**	88.2
Boustead Salcon Water Solutions Pte Ltd [1]	Design, engineering and construction of water and wastewater treatment plants	Singapore	**100.0**	100.0
Boustead Knowledge Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0
BIH Holdings Pte Ltd [1]	Investment holding	Singapore	**100.0**	100.0
Significant subsidiaries held by the Company's subsidiaries				
Boustead Projects E&C Pte Ltd [1]	Provide project management, design, construction and property-related services	Singapore	**53.0** [8]	51.2
BP Engineering Solutions Sdn Bhd [4]	Provide project management, design, construction and property-related services	Malaysia	**53.0** [8]	51.2
CN Logistics Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
Boustead Projects (Vietnam) Co. Ltd [7]	Design and build contractors	Vietnam	**53.0** [8]	51.2
BP-UMS Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
BP-Tuas 1 Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
BP-CA Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
BP-SFN Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
BP-BBD Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
PIP Pte Ltd [1]	Provide project management, design, construction and property-related services	Singapore	**53.0** [8]	51.2
BP-EA Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
BP-JCS Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2

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27. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2018 %	Equity holding 2017 %
Significant subsidiaries held by the Company's subsidiaries (cont'd)				
BP-Lands Sdn Bhd [4]	Investment holding	Malaysia	**53.0** [8]	51.2
BP-TN Pte Ltd [1]	Holding of property for rental income	Singapore	**53.0** [8]	51.2
Wuxi Boustead Industrial Development Co. Ltd [6]	Development of industrial space for lease/sale	People's Republic of China	**53.0** [8]	51.2
Boustead Real Estate Fund [1]	Private business trust	Singapore	**53.0** [8]	51.2
Boustead Trustees Pte Ltd [1]	Trustee for real estate trust	Singapore	**53.0** [8]	51.2
Boustead Funds Management Pte Ltd [1]	Property fund management	Singapore	**53.0** [8]	51.2
Boustead Property Services Pte Ltd [1]	Management of properties	Singapore	**53.0** [8]	51.2
Controls & Electrics Pte Ltd [1]	Design, engineering and supply of process control systems	Singapore	**78.8**	78.8
MapData Services Pty Ltd [2]	Provider of geo-spatial technology and data sets	Australia	**88.2**	88.2
Esri Malaysia Sdn Bhd [4]	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Malaysia	**88.2**	88.2
Esri Singapore Pte Ltd [1]	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Singapore	**88.2**	88.2
PT Esri Indonesia [5]	Exclusive distributor for Esri geo-spatial technology and provider of professional services and training	Indonesia	**88.2**	88.2
Boustead International Heaters Limited [3]	Design, engineering and supply of process heater systems and waste heat recovery units	United Kingdom	**100.0**	100.0
Boustead International Heaters Pte Ltd [1]	Design, engineering and supply of process heater systems and waste heat recovery units	Singapore	**100.0**	100.0
BIH Heaters Malaysia Sdn Bhd [4]	Design, engineering and supply of process heater systems and waste heat recovery units	Malaysia	**100.0**	100.0

(1) *Audited by PricewaterhouseCoopers LLP, Singapore*

(2) *Audited by PricewaterhouseCoopers, Australia*

(3) *Audited by PricewaterhouseCoopers LLP, United Kingdom*

(4) *Audited by PricewaterhouseCoopers, Malaysia*

(5) *Audited by Drs. Bambang Sudaryono & Rekan, Indonesia*

(6) *Audited by Zhonghui Certified Public Accountants LLP Wuxi Branch, China*

(7) *Audited by RSM, Vietnam*

(8) *The increase in the Company's effective interest in 2018 is due to purchase of treasury shares by Boustead Projects Limited during the year.*

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27. INVESTMENTS IN SUBSIDIARIES (cont'd)

Carrying value of non-controlling interests

	2018 $'000	2017 $'000
Boustead Projects Limited and its subsidiaries ("BP Group")	**114,616**	111,278
Other subsidiaries	**11,601**	11,428
	126,217	122,706

Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 March 2018 and 2017.

Summarised consolidated statement of financial position

	BP Group As at 31 March	
	2018 $'000	**2017 $'000**
Current		
Assets	**240,518**	258,288
Liabilities	**(118,952)**	(145,346)
Total current net assets	**121,566**	112,942
Non-current		
Assets	**195,132**	194,545
Liabilities	**(72,597)**	(78,109)
Total non-current net assets	**122,535**	116,436
Net assets	**244,101**	229,378

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised consolidated statement of comprehensive income

	BP Group For the financial year ended 31 March	
	2018 $'000	**2017 $'000**
Revenue	**201,342**	228,307
Profit before income tax	**35,452**	44,874
Income tax expense	**(6,301)**	(8,625)
Profit after tax	**29,151**	36,249
Other comprehensive income/(loss)	**1,405**	(1,011)
Total comprehensive income	**30,556**	35,238
Total comprehensive income allocated to non-controlling interests	**14,139**	17,193
Dividends paid to non-controlling interests	**-**	(45)

Summarised consolidated cash flows

	BP Group For the financial year ended 31 March	
	2018 $'000	**2017 $'000**
<u>Cash flows from operating activities</u>		
Cash provided by operations	**30,639**	49,639
Interest received	**2,388**	2,325
Interest paid	**(1,949)**	(2,391)
Income tax paid	**(5,874)**	(5,619)
Net cash provided by operating activities	**25,204**	43,954
Net cash provided by/(used in) investing activities	**7,468**	(15,722)
Net cash used in financing activities	**(34,997)**	(5,175)
Net (decrease)/increase in cash and cash equivalents	**(2,325)**	23,057
Cash and cash equivalents at beginning of financial year	**113,374**	90,876
Effects of currency translation on cash and cash equivalents	**337**	(559)
Cash and cash equivalents at end of financial year	**111,386**	113,374

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28. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Deferred income tax assets		
- To be recovered after one financial year	**3,277**	2,968
Deferred income tax liabilities		
- To be settled after one financial year	**3,784**	3,204

Movement in deferred income tax account is as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Beginning of financial year	**(236)**	(666)
Currency translation differences	**(75)**	(39)
Reclassified from pension liability (Note 32)	**-**	686
Charged to profit or loss (Note 11(a))	**(196)**	(217)
End of financial year	**(507)**	(236)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. As at 31 March 2018, the Group has unrecognised tax losses and capital allowances of $42,256,000 (2017: $38,454,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

As at 31 March 2018, deferred income tax liabilities of $1,742,000 (2017: $1,612,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted profits are permanently reinvested and amount to $10,286,000 (2017: $9,225,000).

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

28. DEFERRED INCOME TAXES (cont'd)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
2018			
Beginning of financial year	**(3,171)**	**(33)**	**(3,204)**
Currency translation differences	**53**	**1**	**54**
(Charged)/Credited to profit or loss	**(661)**	**27**	**(634)**
End of financial year	**(3,779)**	**(5)**	**(3,784)**
2017			
Beginning of financial year	(2,910)	(125)	(3,035)
Currency translation differences	15	(1)	14
(Charged)/Credited to profit or loss	(276)	93	(183)
End of financial year	(3,171)	(33)	(3,204)

Deferred income tax assets

	Provisions
	$'000
2018	
Beginning of financial year	**2,968**
Currency translation differences	**(129)**
Reclassified from pension liability (Note 32)	**-**
Credited to profit or loss	**438**
End of financial year	**3,277**
2017	
Beginning of financial year	2,369
Currency translation differences	(53)
Reclassified from pension liability (Note 32)	686
Charged to profit or loss	(34)
End of financial year	2,968

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29. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current				
Trade payables to:				
- Non-related parties	**38,369**	28,971	**-**	-
Advances received	**1,316**	432	**-**	-
Retention sum payables	**17,242**	21,008	**-**	-
Other payables	**4,020**	7,588	**608**	667
Dividends payable to non-controlling interests	**102**	279	**-**	-
Deposits received	**3,966**	4,306	**-**	-
Deferred income from maintenance contracts	**28,123**	25,339	**-**	-
Accruals for long-term contract costs	**63,361**	74,206	**-**	-
Accruals for operating expenses	**19,772**	19,123	**441**	431
	176,271	181,252	**1,049**	1,098
Non-current				
Retention sum payables	**3,418**	4,973	**-**	-
Deferred income from maintenance contracts	**999**	992	**-**	-
Other payables	**675**	918	**-**	-
	5,092	6,883	**-**	-

Included in accruals for long-term contract costs is a provision for liquidated damages amounting to $4,444,000 (2017: $4,211,000). During the financial year, there was $460,000 (2017: $132,000) utilised and $693,000 (2017: $1,631,000) which was charged to cost of sales.

In 2017, included in accruals for operating expenses is a deferred gain from investment in an associated company amounting to $1,035,000.

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30. BORROWINGS

	Group	
	2018 $'000	**2017 $'000**
Current		
Bank borrowings	**5,095**	18,295
Non-current		
Bank borrowings	**65,409**	70,059
Total borrowings	**70,504**	88,354

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group	
	2018 $'000	**2017 $'000**
3 months or less	**70,504**	88,354

(a) Security granted

Total borrowings include secured liabilities of $70,504,000 (2017: $88,354,000) for the Group. Bank borrowings are secured over properties held for sale (Note 19) and investment properties (Note 23).

(b) Fair value of non-current borrowings

At the reporting date, the carrying amounts of the borrowings approximated their fair values as all the amounts are at floating interest rates and are revised every one to three months.

31. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
	Contract notional amount	**Fair value**		**Contract notional amount**	**Fair value**	
		Asset	**Liability**		**Asset**	**Liability**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2018						
Currency forwards	**11,564**	**-**	**(625)**	**(5,099)**	**-**	**(280)**
		-	**(625)**		**-**	**(280)**
2017						
Currency forwards	(5,241)	-	(653)	(5,241)	-	(653)
		-	(653)		-	(653)

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32. PENSION LIABILITY

The Group operates a funded defined benefit pension scheme in the United Kingdom and an unfunded defined benefit pension scheme in Indonesia.

	Group	
	2018 $'000	**2017 $'000**
The amount recognised in the statement of financial position relates to funded and unfunded plans are as follows:		
Present value of funded obligation	**25,004**	24,285
Fair value of plan assets	**(22,595)**	(21,668)
Deficit of funded plans	**2,409**	2,617
Present value of unfunded obligation	**253**	319
Total deficit of defined benefit pension plans	**2,662**	2,936

(a) Funded defined benefit pension scheme in the United Kingdom

The defined benefit pension plan scheme is funded by the payment of contributions to a separately administered trust fund.

The pension costs for the defined benefit pension scheme are determined with the advice of an independent qualified actuary. The significant assumptions used were as follows:

Key assumptions used by the actuary

	2018	**2017**
Discount rate (per annum)	**2.65%**	2.70%
Rate of price inflation (per annum)	**3.20%**	3.30%
Rate of increase in salaries (per annum)	**2.20%**	2.30%
Post-retirement mortality assumption	**100% of S2PXA, CMI 2017 projections, 1.25% per annum long-term rate of improvement**	100% of S2PXA, CMI 2016 projections, 1.25% per annum long-term rate of improvement

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the key assumptions is:

- a 0.10% (2017: 0.10%) decrease in discount rate would increase liabilities by $405,000 (2017: $407,000).
- a 0.10% (2017: 0.10%) increase in rate of price inflation would increase liabilities by $386,000 (2017: $480,000).
- a 0.10% (2017: 0.10%) increase in rate of increase in salaries would increase liabilities by $74,000 (2017: $67,000).
- a 1.50% (2017: 1.50%) increase in mortality long-term rate would increase liabilities by $221,000 (2017: $227,000).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the attained age method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32. PENSION LIABILITY (cont'd)

(a) Funded defined benefit pension scheme in the United Kingdom (cont'd)

Reconciliation to statement of financial position

The movement in the present value of obligation and fair value of plan assets are as follows:

	Present value of obligation $'000	Fair value of plan assets $'000	Total $'000
2018			
Beginning of financial year	24,285	(21,668)	2,617
Current service cost	79	-	79
Interest expense/(income)	655	(592)	63
	734	(592)	142
Re-measurements:			
- Loss on plan assets, excluding amounts included in interest income	-	413	413
- Gain from change in demographic assumptions	(165)	-	(165)
- Gain from change in financial assumptions	(89)	-	(89)
	(254)	413	159
Currency translation differences	977	(842)	135
Contributions:			
- Employers	-	(644)	(644)
- Plan participants	23	(23)	-
Payment from plans:			
- Benefit payments	(761)	761	-
End of financial year	25,004	(22,595)	2,409

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32. PENSION LIABILITY (cont'd)

(a) Funded defined benefit pension scheme in the United Kingdom (cont'd)

Reconciliation to statement of financial position (cont'd)

	Present value of obligation	Fair value of plan assets	Total
	$'000	$'000	$'000
2017			
Beginning of financial year	24,564	(21,824)	2,740
Reclassified to deferred tax (Note 28)	686	-	686
Current service cost	190	-	190
Interest expense/(income)	858	(753)	105
	1,048	(753)	295
Re-measurements:			
- Return on plan assets, excluding amounts included in interest income	-	(1,009)	(1,009)
- Gain from change in demographic assumptions	(1,683)	-	(1,683)
- Loss from change in financial assumptions	3,453	-	3,453
- Experience gains	(818)	-	(818)
	952	(1,009)	(57)
Currency translation differences	(2,310)	1,999	(311)
Contributions:			
- Employers	-	(736)	(736)
- Plan participants	65	(65)	-
Payment from plans:			
- Benefit payments	(720)	720	-
End of financial year	24,285	(21,668)	2,617

Pension plan assets

Plan assets are comprised as follows:

	Group	
	2018 $'000	2017 $'000
Diversified growth funds	**8,811**	8,667
Index-linked bonds	**5,197**	4,984
Other bonds	**8,587**	8,017
	22,595	21,668

Majority of the plan assets are quoted in an active market. The plan assets do not include any investment in shares of the Company or any assets used by the Group.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32. PENSION LIABILITY (cont'd)

(a) Funded defined benefit pension scheme in the United Kingdom (cont'd)

Through its defined benefit pension scheme, the Group is exposed to two primary risks which are detailed below:

Inflation risk	The majority of the plan's defined benefit obligations are linked to inflation and an increase in inflation will lead to higher liabilities. Risk is mitigated through investment in index-linked bonds and caps on annual increases in pensions and pensionable salaries.
Life expectancy	The defined benefit obligations have been valued based on assumptions regarding mortality. A relatively small number of plan members, combined with a wide distribution of pensionable salary and pension levels, increases the risk of volatility in the valuation of those obligations over time. However, the plan has fairly matured demographically and has been closed to new members since 2002.

The Group ensures that the plan's investment portfolio is managed in accordance with an agreed investment policy. The principal objectives of the investment policy are to ensure that the plan can meet its obligations as they fall due and to manage the expected volatility of returns over time in order to control the level of volatility in the plan's required contribution levels. The investment policy also sets benchmark allocations between growth-driven and protection-driven asset classes. The allocation between these classes is periodically reviewed and adjusted if necessary to match the plan's obligations accordingly.

The Group has agreed that it will aim to eliminate the UK pension plan deficit before the next triennial valuation date by making an annual contribution inflated at 3.5% per year. The next triennial valuation is due to be completed as at 30 May 2019.

Expected contribution to the defined pension benefit scheme for the year ending 31 March 2019 is $622,000. Additional contributions will be agreed with the trustees when necessary.

The weighted average duration of the defined benefit obligation is 16 years (2017: 17 years).

(b) Unfunded defined benefit pension scheme in Indonesia

The pension costs for the defined benefit pension scheme are determined with the advice of an independent qualified actuary. The significant assumptions used were as follows:

Key assumptions used by the actuary

	2018	2017
Discount rate (per annum)	**7.40%**	7.90%
Rate of increase in salaries (per annum)	**7.00%**	7.00%
Post-retirement mortality assumption	**Indonesia - III (2011)**	Indonesia - III (2011)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the key assumptions is:

- a 1.00% (2017: 1.00%) decrease in discount rate would increase liabilities by $30,000 (2017: $21,000).
- a 1.00% (2017: 1.00%) increase in discount rate would decrease liabilities by $25,000 (2017: $18,000).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

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32. PENSION LIABILITY (cont'd)

(b) Unfunded defined benefit pension scheme in Indonesia (cont'd)

Reconciliation to statement of financial position

The movement in the present value of obligation is as follows:

	Present value of obligation
	$'000
2018	
Beginning of financial year	**319**
Current service cost	**88**
Interest expense	**23**
	111
Re-measurements:	
- Loss from change in financial assumptions	**13**
- Experience gains	**(27)**
	(14)
Currency translation differences	**(37)**
Payment from plans:	
- Benefit payments	**(126)**
End of financial year	**253**
2017	
Reclassified from other payables	239
Current service cost	79
Interest expense	19
	98
Re-measurements:	
- Adjustments due to change in regulations	(111)
- Gain from change in financial assumptions	(2)
- Experience gains	(20)
	(133)
Currency translation differences	124
Payment from plans:	
- Benefit payments	(9)
End of financial year	319

The weighted average duration of the defined benefit obligation is 23 years (2017: 22 years).

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

33. SHARE CAPITAL AND TREASURY SHARES

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
	'000	'000	$'000	$'000
Group and Company				
2018				
Beginning of financial year	**540,432**	**(18,311)**	**104,555**	**(13,048)**
Treasury shares re-issued	**-**	**177**	**-**	**126**
Purchase of treasury shares	**-**	**(29,313)**	**-**	**(22,363)**
End of financial year	**540,432**	**(47,447)**	**104,555**	**(35,285)**
2017				
Beginning of financial year	540,432	(17,800)	104,555	(12,600)
Treasury shares re-issued	-	411	-	291
Purchase of treasury shares	-	(922)	-	(739)
End of financial year	540,432	(18,311)	104,555	(13,048)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company re-issued 177,182 (2017: 411,827) treasury shares during the financial year pursuant to the Boustead Restricted Share Plan 2011. The cost of the treasury shares re-issued amounted to $126,000 (2017: $291,000).

The Company acquired 29,313,000 (2017: 922,000) shares in the open market during the financial year. The total amount paid to acquire the shares was $22,363,000 (2017: $739,000) and this is presented as a component within shareholders' equity.

(a) Employee share plans – Boustead Restricted Share Plan 2011 (the "2011 Share Plan")

The 2011 Share Plan was approved by the members of the Company at its Extraordinary General Meeting on 13 October 2011. Under the 2011 Share Plan, all deserving executive employees and non-executive directors of the Company as well as associates of controlling shareholders separately approved by independent members of the Company are eligible to participate in the 2011 Share Plan at the discretion of a committee duly authorised by the Board of Directors.

Awards granted under the 2011 Share Plan may be subject to performance-based restrictions where eligible participants are invited to participate. Performance-based restricted awards will vest after a further period of service beyond the performance target completion date.

Participants are not required to pay for the grant of the awards. Awards are forfeited when the participant leaves the Group before the awards vest.

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33. SHARE CAPITAL AND TREASURY SHARES (cont'd)

(a) Employee share plans – Boustead Restricted Share Plan 2011 (the "2011 Share Plan") (cont'd)

Details of the shares under the 2011 Share Plan outstanding during the year are as follows:

	2018	2017
Group and Company		
Outstanding at beginning of financial year	**177,182**	589,009
Vested during the year	**(177,182)**	(411,827)
Outstanding at end of financial year	**-**	177,182

The fair value of the share awards granted under the 2011 Share Plan was determined based on the market share price at the grant date. The remaining share awards were vested during the financial year.

(b) Employee share plans – Boustead Projects Restricted Share Plan 2016 (the "2016 Share Plan")

The 2016 Share Plan was approved by the members of Boustead Projects Limited ("BP"), the Company's subsidiary, at its Extraordinary General Meeting on 28 July 2016. Under the 2016 Share Plan, all eligible executive employees, non-executive directors of BP as well as associates of controlling shareholders of BP are invited to participate in the 2016 Share Plan. The selection of an eligible participant shall be determined at the absolute discretion of the committee appointed by the Board to administer the 2016 Share Plan. The participation of an associate of controlling shareholders shall be approved by independent members of BP.

Awards granted under the 2016 Share Plan may be subject to performance-based and/or time-based restrictions. Performance-based restricted awards will vest after a further period of service beyond the performance target completion date. Time-based restricted awards granted under the 2016 Share Plan will vest only after satisfactory completion of time-based service conditions, that is, after the participant has served BP for a specified number of years.

Participants are not required to pay for the grant of the awards. Awards are forfeited when the participant leaves BP before the awards vest.

Details of the shares in BP under the 2016 Share Plan outstanding during the year are as follows:

	2018	2017
Number of shares		
Outstanding at beginning of financial year	**-**	-
Granted during the year	**1,420,177**	-
Forfeited during the year	**(41,092)**	-
Vested during the year	**(355,045)**	-
Outstanding at the end of financial year	**1,024,040**	-

In 2018, the fair value of the shares granted under 2016 Share Plan was $0.86 each. The fair value was determined based on the market share price at the grant date.

The Group recognised total expenses of $1,314,000 (2017: $692,000) relating to such equity settled share-based compensation transactions during the financial year.

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34. OTHER RESERVES

	Fair value reserve	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2018					
Beginning of financial year	**1,278**	**(8,781)**	**692**	**(20,959)**	**(27,770)**
Available-for-sale financial assets					
- Fair value gains	**50**	**-**	**-**	**-**	**50**
- Reclassification to profit or loss on disposal	**(736)**	**-**	**-**	**-**	**(736)**
Net currency translation differences arising from consolidation	**-**	**-**	**-**	**2,963**	**2,963**
Less: Non-controlling interests	**-**	**-**	**-**	**(494)**	**(494)**
Other comprehensive (loss)/income for the year	**(686)**	**-**	**-**	**2,469**	**1,783**
Employee share-based compensation					
- Value of employee services	**-**	**-**	**688**	**-**	**688**
- Treasury shares re-issued	**-**	**206**	**(332)**	**-**	**(126)**
- Treasury shares re-issued by a subsidiary	**-**	**162**	**(162)**	**-**	**-**
Purchase of treasury shares by a subsidiary	**-**	**(4,652)**	**(161)**	**(25)**	**(4,838)**
End of financial year	**592**	**(13,065)**	**725**	**(18,515)**	**(30,263)**
2017					
Beginning of financial year	303	(9,004)	514	(16,865)	(25,052)
Available-for-sale financial assets					
- Fair value gains	989	-	-	-	989
- Reclassification to profit or loss on disposal	(14)	-	-	-	(14)
Net currency translation differences arising from consolidation	-	-	-	(4,727)	(4,727)
Less: Non-controlling interests	-	-	-	633	633
Other comprehensive income/(loss) for the year	975	-	-	(4,094)	(3,119)
Employee share-based compensation					
- Value of employee services	-	-	692	-	692
- Treasury shares re-issued	-	223	(514)	-	(291)
End of financial year	1,278	(8,781)	692	(20,959)	(27,770)

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34. OTHER RESERVES (cont'd)

	Fair value reserve	Capital reserve	Share-based compensation reserve	Total
	$'000	$'000	$'000	$'000
Company				
2018				
Beginning of financial year	**1,278**	**1,929**	**332**	**3,539**
Available-for-sale financial assets				
- Fair value gains	**50**	**-**	**-**	**50**
- Reclassification to profit or loss on disposal	**(736)**	**-**	**-**	**(736)**
Other comprehensive loss for the year	**(686)**	**-**	**-**	**(686)**
Employee share-based compensation				
- Treasury shares re-issued	**-**	**206**	**(332)**	**(126)**
End of financial year	**592**	**2,135**	**-**	**2,727**
2017				
Beginning of financial year	303	1,706	514	2,523
Available-for-sale financial assets				
- Fair value gains	989	-	-	989
- Reclassification to profit or loss on disposal	(14)	-	-	(14)
Other comprehensive income for the year	975	-	-	975
Employee share-based compensation				
- Value of employee services	-	-	332	332
- Treasury shares re-issued	-	223	(514)	(291)
End of financial year	1,278	1,929	332	3,539

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35. RETAINED PROFITS

(a) The Group's retained profits are distributable except for 10% of accumulated retained profits of a China subsidiary amounting to $94,000 (2017: $62,000).

(b) Movement in retained profits for the Company is as follows:

	Company	
	2018 $'000	2017 $'000
Beginning of financial year	**70,777**	75,176
Profit for the financial year	**9,791**	8,793
Dividends paid		
- In cash (Note 36)	**(13,055)**	(13,192)
End of financial year	**67,513**	70,777

36. DIVIDENDS

	Company	
	2018 $'000	2017 $'000
1.0 cents (2017: 0.5 cents) interim tax-exempt (one-tier) cash dividend per ordinary share paid in respect of the financial year ended 31 March 2018	**5,221**	2,749
1.5 cents (2017: 2.0 cents) final tax-exempt (one-tier) cash dividend per ordinary share paid in respect of the previous financial year	**7,834**	10,443
	13,055	13,192

At the Annual General Meeting on 26 July 2018, a final tax-exempt (one-tier) cash dividend of 2.0 cents per ordinary share amounting to approximately $9,860,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2019.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

37. COMMITMENTS

(a) Operating lease commitments - where the Group is a lessee

The Group leases land and offices from non-related parties and a joint venture under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Not later than one financial year	**7,562**	7,469
Between two and five financial years	**20,627**	22,786
Later than five financial years	**120,716**	131,716
	148,905	161,971

Operating lease payments represent rentals payable by the Group for the leases of leasehold land and office premises and are subjected to revisions of periodic intervals. The operating lease commitments estimated above are determined based on prevailing rental rates at the reporting date.

(b) Operating lease commitments - where the Group is a lessor

The Group leases out industrial space to non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Not later than one financial year	**27,797**	28,852
Between two and five financial years	**79,173**	77,071
Later than five financial years	**78,185**	94,934
	185,155	200,857

Operating lease receivables are subjected to revisions at periodic intervals based on terms and conditions of the lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

38. CONTINGENCIES

(a) The Company has given guarantees for banking facilities granted to its subsidiaries in respect of performance on certain contracts entered into by its subsidiaries in favour of third parties amounting to $2,280,000 (2017: $2,833,000).

(b) The Group and the Company have procured performance guarantees amounting to $64,896,000 (2017: $64,818,000) and $14,670,000 (2017: $17,962,000) respectively issued by banks in favour of third parties.

(c) The Group and the Company have given performance guarantees amounting to $1,193,000 (2017: $9,347,000) and $Nil (2017: $9,347,000) respectively issued to third parties.

(d) The Company's subsidiary, Boustead Projects Limited, has given guarantees in favour of banks in respect of loan facilities granted to its subsidiaries, an associated company, a related party and a joint venture. The outstanding guarantees amount to $91,664,000 (2017: $95,858,000) at the reporting date.

As of 31 March 2018, the directors are of the view that it is more likely than not that no amount will be payable under the arrangements above.

39. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

(a) Market risk

(i) Currency risk

The Group operates in Asia Pacific, Australia, North and South America, Europe, Middle East and Africa with dominant operations in Asia Pacific and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency exchange risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR"), and Euro Dollar ("EUR"). Exposure to exchange fluctuation risks is managed as far as possible by natural hedges of matching revenue and costs and using derivatives such as foreign currency forward exchange contracts.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in the United Kingdom, Australia, Indonesia, China and Malaysia are managed primarily through natural hedges of matching assets and liabilities and management reviews periodically so that the net exposure is kept at an acceptable level.

The Group utilised currency derivatives to hedge significant transactions and cash flows. The Group is party to a variety of foreign exchange forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's principal currency exposure based on the information provided to key management is as follows:

	USD	SGD[1]	MYR	EUR	Others
	$'000	$'000	$'000	$'000	$'000
At 31 March 2018					
Financial assets					
Cash and cash equivalents	**30,084**	**5,541**	**-**	**3,253**	**959**
Trade receivables	**23,426**	**-**	**-**	**718**	**86**
Other receivables and prepayments	**6**	**-**	**-**	**-**	**8**
Available-for-sale financial assets	**5,247**	**-**	**-**	**-**	**-**
Intercompany receivables	**2,371**	**3**	**2,184**	**-**	**-**
	61,134	**5,544**	**2,184**	**3,971**	**1,053**
Financial liabilities					
Trade and other payables	**(12,439)**	**-**	**(121)**	**(2,653)**	**(192)**
Intercompany payables	**(4,407)**	**(20,382)**	**(8)**	**-**	**(41)**
	(16,846)	**(20,382)**	**(129)**	**(2,653)**	**(233)**
Add: Derivative financial instruments	**11,564**	**-**	**-**	**-**	**-**
Currency exposure of financial assets/(liabilities)	**55,852**	**(14,838)**	**2,055**	**1,318**	**820**
At 31 March 2017					
Financial assets					
Cash and cash equivalents	60,789	2,765	-	1,593	939
Trade receivables	15,196	-	-	672	866
Other receivables and prepayments	4,234	-	-	-	-
Available-for-sale financial assets	5,642	-	-	-	-
Intercompany receivables	7,387	3	1,344	-	-
	93,248	2,768	1,344	2,265	1,805
Financial liabilities					
Trade and other payables	(17,882)	(2)	-	(1,860)	(131)
Intercompany payables	(9,553)	(18,694)	(238)	-	(86)
	(27,435)	(18,696)	(238)	(1,860)	(217)
Less: Derivative financial instruments	(5,241)	-	-	-	-
Currency exposure of financial assets/(liabilities)	60,572	(15,928)	1,106	405	1,588

[1] *The currency exposure of SGD relates primarily to subsidiaries, whose functional currency is Indonesian Rupiah ("IDR") and Pound Sterling ("GBP"), that have financial assets or financial liabilities which are denominated in SGD*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's principal currency exposure based on the information provided to key management is as follows:

	USD $'000
At 31 March 2018	
Financial assets	
Cash and cash equivalents	**6,812**
Other receivables and prepayments	**6**
Available-for-sale financial assets	**5,247**
	12,065
Less: Derivative financial instruments	**(5,099)**
Currency exposure of financial assets	**6,966**
At 31 March 2017	
Financial assets	
Cash and cash equivalents	14,154
Other receivables and prepayments	11
Available-for-sale financial assets	5,642
	19,807
Financial liabilities	
Trade and other payables	(5)
	(5)
Less: Derivative financial instruments	(5,241)
Currency exposure of financial assets	14,561

The following table details the sensitivity to a 10% (2017: 10%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% (2017: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis is performed on outstanding foreign currency denominated monetary items and reflects the impact on profit after tax when there is a 10% (2017: 10%) change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

If the relevant foreign currency change against the SGD by 10% (2017: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	← Increase/(Decrease) →	
	2018	**2017**
	Profit after tax	**Profit after tax**
	$'000	**$'000**
Group		
USD against SGD		
- Strengthened	**4,636**	5,027
- Weakened	**(4,636)**	(5,027)
MYR against SGD		
- Strengthened	**171**	92
- Weakened	**(171)**	(92)
EUR against SGD		
- Strengthened	**109**	34
- Weakened	**(109)**	(34)
SGD against IDR		
- Strengthened	**(1,472)**	(1,335)
- Weakened	**1,472**	1,335
SGD against GBP		
- Strengthened	**242**	13
- Weakened	**(242)**	(13)
Company		
USD against SGD		
- Strengthened	**578**	1,209
- Weakened	**(578)**	(1,209)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(ii) Price risk

The Group and the Company are exposed to price risk arising from available-for-sale financial assets and financial assets held for trading. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analysis below have been determined based on the exposure to price risks at the end of the reporting period.

If prices for available-for-sale financial assets and financial assets held for trading had changed by 10% (2017: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(Decrease)			
	2018		2017	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	$'000	$'000	$'000	$'000
Group				
Available-for-sale financial assets				
Quoted equity securities				
- increased by	**-**	**835**	-	2,112
- decreased by	**-**	**(835)**	-	(2,112)
Unquoted equity securities				
- increased by	**-**	**40**	-	-
- decreased by	**-**	**(40)**	-	-
Quoted debt securities				
- increased by	**-**	**2,968**	-	2,451
- decreased by	**-**	**(2,968)**	-	(2,451)
Financial assets held for trading				
- increased by	**82**	**-**	83	-
- decreased by	**(82)**	**-**	(83)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(ii) Price risk (cont'd)

	Increase/(Decrease)			
	2018		2017	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	$'000	$'000	$'000	$'000
Company				
Available-for-sale financial assets				
Quoted equity securities				
- increased by	**-**	**835**	-	2,112
- decreased by	**-**	**(835)**	-	(2,112)
Quoted debt securities				
- increased by	**-**	**2,968**	-	2,451
- decreased by	**-**	**(2,968)**	-	(2,451)
Financial assets held for trading				
- increased by	**82**	**-**	83	-
- decreased by	**(82)**	**-**	(83)	-

The quoted equity and debt securities are listed in Singapore.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from borrowings and loans to an associated company and a related party at variable-rates. The Company's exposure to cash flow interest rate risks arises mainly from loans to/from subsidiaries at variable rates.

The Group's borrowings at variable rates are denominated in SGD. If the SGD interest rates had been higher/lower by 1% (2017: 1%) with all other variables including tax rate being held constant, the Group's profit after tax would have been lower/higher by $445,000 (2017: lower/higher by $667,000) as a result of higher/lower interest income from loans to an associated company and a related party and higher/lower interest expense on borrowings. If the SGD interest rates had been higher/lower by 1% (2017: 1%) with all other variables including tax rate being held constant, the Company's profit after tax would have been lower/higher by $243,000 (2017: lower/higher by $253,000), as a result of higher/lower interest income on loans to subsidiaries and higher/lower interest expense on loans from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, loans to subsidiaries, trade receivables, other receivables and contracts work-in-progress. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Trade receivables are provided for when management has assessed that the amount owing by a customer is unlikely to be repaid due to financial difficulties faced by the customer. Management may also consider making a provision where the likelihood of recoverability of an amount in dispute with a customer is assessed to be low after seeking legal advice from professional advisors.

Before accepting any new customer, the Group assesses the potential customer's credit quality and their financial ability to pay for the services engaged. Management periodically monitors and reviews the customer's long overdue payment and proactively engages with the customer to resolve the causes of the overdue payment. There is one (2017: one) external customer which individually represent more than 5% of the Group's total trade receivables.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially assessed up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment of receivables.

(i) Financial assets that are neither past due nor impaired

Bank deposits and available-for-sale financial assets that are neither past due nor impaired are placed with financial institutions and organisations with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables (excluding retention sum receivables) past due but not impaired is as follows:

	Group	
	2018 $'000	**2017 $'000**
Past due > 3 months	**5,059**	7,763

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2018 $'000	**2017 $'000**
Past due > 3 months	**28,056**	28,235
Less: Allowance for impairment	**(28,056)**	(28,235)
	-	-

The movement in the allowance for impairment is as follows:

	Group	
	2018 $'000	**2017 $'000**
Beginning of financial year	**28,235**	28,118
Currency translation differences	**-**	(132)
Allowance written off	**(393)**	-
Allowance made – non-related parties	**214**	249
End of financial year	**28,056**	28,235

The impaired trade receivables arise mainly from sales to customers which have suffered significant losses in its operations.

The carrying amounts of other receivables and loans to subsidiaries individually determined to be impaired and the movement in the related allowance for impairment are disclosed in Note 15 and Note 17 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 13.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 13) of the Group and the Company) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000
Group			
At 31 March 2018			
Trade and other payables	**146,832**	**4,093**	**-**
Borrowings	**6,862**	**68,715**	**-**
At 31 March 2017			
Trade and other payables	155,481	5,891	-
Borrowings	20,485	50,181	24,665
Company			
At 31 March 2018			
Trade and other payables	**1,049**	**-**	**-**
Loans from subsidiaries	**48,978**	**-**	**-**
Financial guarantees	**16,950**	**-**	**-**
At 31 March 2017			
Trade and other payables	1,098	-	-
Loans from subsidiaries	46,628	-	-
Financial guarantees	30,142	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk (cont'd)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 2 and 5 years
	$'000	$'000
Group		
At 31 March 2018		
Gross-settled derivative financial instruments		
- Receipts	**16,663**	**-**
- Payments	**(2,610)**	**(2,489)**
At 31 March 2017		
Gross-settled derivative financial instruments		
- Payments	(143)	(5,098)
Company		
At 31 March 2018		
Gross-settled derivative financial instruments		
- Payments	**(2,610)**	**(2,489)**
At 31 March 2017		
Gross-settled derivative financial instruments		
- Payments	(143)	(5,098)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratios and the level of total net tangible assets, which are in tandem with the requirements of the banks. The banks require the Group to have minimum total consolidated net tangible assets of $90,000,000 (2017: $90,000,000), a maximum total consolidated liability gearing ratio of 275% (2017: 275%) and maximum consolidated gearing of 1.5 (2017: 1.5) times. The Group's strategy which was unchanged from 2017, is to maintain gearing ratios and minimum level of total net tangible assets within the banks' requirements.

The consolidated total liability gearing ratio is calculated as a percentage of consolidated total liabilities divided by the consolidated tangible net worth and the maximum consolidated gearing ratio is calculated as total bank debts divided by consolidated tangible net worth. Consolidated tangible net worth is calculated as the sum of share capital and retained profits.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 16, Note 21 and Note 31 to the financial statements, except for the following:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Loans and receivables	**432,276**	456,833	**78,029**	90,004
Financial liabilities at amortised cost	**221,429**	249,726	**49,524**	47,195

(f) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2018				
Assets				
Available-for-sale financial assets	**38,027**	**-**	**400**	**38,427**
Financial assets held for trading	**-**	**987**	**-**	**987**
Total assets	**38,027**	**987**	**400**	**39,414**
Liabilities				
Derivative financial instruments	**-**	**(625)**	**-**	**(625)**
Total liabilities	**-**	**(625)**	**-**	**(625)**
Company				
2018				
Assets				
Derivative financial instruments				
Available-for-sale financial assets	**38,027**	**-**	**-**	**38,027**
Financial assets held for trading	**-**	**987**	**-**	**987**
Total assets	**38,027**	**987**	**-**	**39,014**
Liabilities				
Derivative financial instruments	**-**	**(280)**	**-**	**(280)**
Total liabilities	**-**	**(280)**	**-**	**(280)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

39. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair value measurements (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Company				
2017				
Assets				
Available-for-sale financial assets	45,634	-	-	45,634
Financial assets held for trading	-	994	-	994
Total assets	45,634	994	-	46,628
Liabilities				
Derivative financial instruments	-	(653)	-	(653)
Total liabilities	-	(653)	-	(653)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for equity and debt investments. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the end of the reporting period. These investments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

As at 31 March 2018, Level 3 instruments comprise one unquoted equity investment. The fair value of the investment approximates the costs as the purchase was executed near to reporting date.

The carrying amount less impairment provision of trade receivables, and other receivables and prepayments are assumed to approximate their fair values. The carrying amount of trade and other payables are assumed to approximate their fair values. The carrying amount of loan to/from subsidiaries and borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

40. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2018 $'000	**2017 $'000**
Rental expense to a joint venture	**1,230**	1,206
Project and development management fees from joint ventures	**(2,315)**	(777)
Construction contract revenue from joint ventures	**(54,742)**	(49,156)
Construction contract revenue from a related party*	**(7,364)**	(6,562)
Construction management fee from an associated company	**(258)**	(785)
Asset and property management fees from joint ventures	**(139)**	(38)
Interest income from related parties		
- Joint ventures	**-**	(27)
- An associated company	**(310)**	(140)
- A related party*	**(723)**	(170)
	(1,033)	(337)

* *Subsidiary of an associated company*

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018 $'000	**2017 $'000**
Short-term benefits	**12,585**	12,409
Post-retirement benefits	**559**	660
Share-based compensation expense	**511**	360
	13,655	13,429

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

41. SEGMENT INFORMATION

Segment information is presented in respect of the Group's reportable segment provided to the Group's senior management for the purpose of resource allocation and assessment of segment performance.

Senior management considers the business from both a business and geographical segment perspective.

The Group's businesses comprise the following:

(i) Energy-related engineering : Energy-related engineering relates to the design, engineering and supply of systems to the oil and gas, petrochemical and solid waste energy recovery sectors.

Water and wastewater engineering relates to the design, engineering and construction of industrial and municipal water and wastewater treatment plants.

(ii) Real estate solutions : Real estate solutions relates to the provision of design-and-build expertise for industrial facilities, along with design-and-building-and-lease arrangements for industrial facilities.

(iii) Geo-spatial technology : This specialises in Esri geographic information systems and location intelligence solutions.

(iv) HQ activities : This manages the Group's investment portfolio to maximise shareholders' returns.

(a) Segment revenue and results

The segment information for the reportable segments is as follows:

	Energy-related engineering		Real estate solutions		Geo-spatial technology		HQ activities		Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue										
External sales	**94,948**	96,500	**201,342**	228,307	**116,608**	108,308	**-**	-	**412,898**	433,115
Dividend income	**-**	-	**-**	-	**-**	-	**1,196**	732	**1,196**	732
Total revenue	**94,948**	96,500	**201,342**	228,307	**116,608**	108,308	**1,196**	732	**414,094**	433,847
Results										
Segment result	**(4,990)**	4,150	**35,013**	44,940	**23,662**	20,868	**(2,541)**	(4,608)	**51,144**	65,350
Interest income									**4,852**	4,870
Finance expense									**(2,014)**	(2,534)
Profit before income tax									**53,982**	67,686
Income tax expense									**(12,882)**	(14,200)
Total profit									**41,100**	53,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

41. SEGMENT INFORMATION (cont'd)

(a) Segment revenue and results (cont'd)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment result represents profit earned by each segment without allocation of interest income, finance expense and income tax expense. This is the measure reported to senior management for the purposes of resource allocation and assessment of segment performance.

	Energy-related engineering		Real estate solutions		Geo-spatial technology		HQ activities		Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Depreciation expense	**1,187**	1,410	**6,692**	7,080	**1,545**	1,586	**478**	543	**9,902**	10,619
Amortisation of intangible assets	**-**	-	**-**	-	**221**	218	**-**	-	**221**	218
Gain on disposal of available-for-sale financial assets	**-**	-	**-**	(8,913)	**-**	-	**(736)**	(14)	**(736)**	(8,927)
Share of loss of associated companies and joint ventures	**-**	-	**2,851**	2,693	**-**	-	**-**	-	**2,851**	2,693
Fair value losses/(gains) on derivative financial instruments and financial assets held for trading	**-**	-	**-**	11	**357**	(698)	**(367)**	110	**(10)**	(577)
Currency exchange losses/(gains) – net	**3,701**	(2,765)	**(77)**	71	**598**	1,184	**818**	(135)	**5,040**	(1,645)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

41. SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities

	Energy-related engineering		Real estate solutions		Geo-spatial technology		HQ activities		Group	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**	**2018 $'000**	**2017 $'000**
Segment assets										
Segment assets	**90,630**	96,720	**397,914**	420,479	**87,042**	76,977	**107,981**	132,076	**683,567**	726,252
Investments in associated companies	**-**	-	**588**	-	**-**	-	**-**	-	**588**	-
Investments in joint ventures	**-**	-	**37,148**	32,354	**-**	-	**-**	-	**37,148**	32,354
Deferred income tax assets									**3,277**	2,968
Total assets									**724,580**	761,574
Additions to:										
- property, plant and equipment	**1,970**	424	**291**	392	**1,418**	1,138	**4**	76	**3,683**	2,030
- investments in joint ventures	**-**	-	**9,390**	20,370	**-**	-	**-**	-	**9,390**	20,370
Segment liabilities										
Segment liabilities	**37,740**	42,279	**177,147**	209,480	**49,907**	46,752	**2,975**	2,255	**267,769**	300,766
Income tax payable/ Deferred income tax liabilities									**17,310**	16,150
Total liabilities									**285,079**	316,916

For the purposes of monitoring segment performance and allocating resources between segments, senior management monitors the tangible and financial assets as well as the financial liabilities attributable to each segment.

All assets are allocated to reportable segments, other than deferred income tax assets.

All liabilities are allocated to reportable segments other than income tax payable and deferred income tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

41. SEGMENT INFORMATION (cont'd)

(c) Geographical information

The Group operates in 5 primary geographical areas – Asia Pacific, Australia, North and South America, Europe, and Middle East and Africa.

The Group's revenue from external customers and non-current assets (excluding financial instruments and deferred tax income assets) by geographical locations is as follows:

	Asia Pacific		Australia		North and South America		Europe		Middle East and Africa		Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue from external customers	**262,018**	279,333	**86,142**	87,214	**26,247**	24,085	**8,146**	11,105	**31,541**	32,110	**414,094**	433,847
Non-current assets	**179,389**	178,516	**2,699**	3,145	**-**	-	**4,788**	4,757	**-**	-	**186,876**	186,418

(d) Information about major customers

In 2018, there is no customer representing more than 10% of the Group's revenue.

In 2017, there was one customer from the Group's real estate solutions segment representing more than 10% of the Group's revenue. The customer contributed $46,985,000 in revenue to the Group.

42. EVENTS OCCURRING AFTER REPORTING DATE

On 7 September 2017, BP-UMS Pte Ltd, a wholly-owned subsidiary of Boustead Projects Limited has entered into a sale and purchase agreement for the sale of the leasehold interest in the land and buildings erected on Lot 4468K of Mukim 31 at 25 Changi North Rise, Singapore 498778. On 14 June 2018, the sale has been completed with no change to the original sale price of approximately $10,500,000.

On 24 May 2018, the Company entered into a sale and purchase agreement with WhiteRock Medical Company Pte Ltd to acquire 100% of the shareholding of WhiteRock Incorporation Pte Ltd ("WRI"), comprising a group of 16 healthcare corporations operating in Singapore, China, Hong Kong, Malaysia and Thailand. WRI is an equipment and services provider for rehabilitative care, sleep care and sports science. The acquisition was completed on 25 June 2018 at an agreed price of $19,016,000, which is equivalent to the adjusted audited net asset value of WRI on 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

43. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2018 or later periods and which the Group has not early adopted:

(a) FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 April 2018)

FRS 115 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 44). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 44.

(b) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 April 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses on the sales of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there are no changes to classification and measurement requirements for financial liabilities except for the recognition of fair value changes arises from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

43. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (cont'd)

(b) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 April 2018) (cont'd)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

During the financial year, the Group performed a preliminary assessment of FRS 109. It currently measures its investment in an unquoted equity security at cost (Note 21). Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained profits when the Group applies FRS 109.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 44). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 44.

(c) FRS 116 *Leases* (effective for annual periods beginning on or after 1 April 2019)

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosures requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 44). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

44. ADOPTION OF SFRS(I)S

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 April 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ending 30 June 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2019), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 April 2017. As a result, other reserves and retained profits as at 1 April 2017 and 31 March 2018 will be increased/reduced by $20,959,000 respectively.

(b) Adoption of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 April 2018. Accordingly, requirements of FRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 March 2018.

The Group has assessed the business models that are applicable on 1 April 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9.

Expected significant adjustments to the Group's statement of financial position line items as a result of management's assessment are as follows:

Investments in quoted debt securities will be reclassified from "available-for-sale" to "fair value through other comprehensive income" as the Group's business model on these assets is to collect contractual cash flows consisting solely of payments of principal and interest and sell these assets.

Investments in quoted equity securities will be reclassified from "available-for-sale" to "fair value through profit or loss".

Currently, the Group has an investment in unquoted equity securities at cost. Under SFRS(I) 9, the Group will have to measure the unquoted equity at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies SFRS(I) 9.

The following financial assets will be subject to the expected credit loss model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15
- debt instruments carried at fair value through other comprehensive income
- loans to subsidiaries, an associated company and a related party
- other receivables at amortised cost.

The Group does not expect a material impact arising from the application of the expected credit loss impairment model, but will have to perform a detailed analysis to determine the extent of the impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

44. ADOPTION OF SFRS(I)S (cont'd)

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt the SFRS(I) 15 retrospectively.

The Group is expected to change the presentation of certain amounts in the statement of financial position to reflect the terminology in SFRS(I) 15:

Amounts due from customers arising from construction contracts and construction contract work-in-progress under FRS will be reclassified to be presented as part of contract assets.

Amounts due to customers arising from construction contracts and progress billing for development properties under completion contract method under FRS will be reclassified to be presented as part of contract liabilities.

The Group is still in the progress of finalising its assessment of impact arising from adoption of SFRS(I) 15. The Group does not expect a material impact arising from these changes.

45. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Boustead Singapore Limited on 29 June 2018.

MANAGEMENT & PRINCIPAL ACTIVITIES

GROUP HEADQUARTERS

Boustead Singapore Limited
82 Ubi Avenue 4
#08-01 Edward Boustead Centre
Singapore 408832

Main: +65 6747 0016
Fax: +65 6741 8689
Web: www.boustead.sg

Chairman & Group Chief Executive Officer: Wong Fong Fui
Executive Director & Deputy Group Chief Executive Officer: Wong Yu Loon

ENGINEERING SERVICES

ENERGY-RELATED ENGINEERING

Boustead International Heaters Ltd
Europa House
Woodlands Court
Albert Drive
Burgess Hill
West Sussex RH15 9TN
United Kingdom

Main: +44 1444 237500
Fax: +44 1444 237501
Web: www.bihl.com

Chairman: Elizabeth Ager
Chief Executive Officer: Stuart Cummings

Boustead International Heaters ("BIH") is a leading global specialist in designing, engineering and supplying direct-fired process heater systems, waste heat recovery units and associated equipment for the global oil & gas ("O&G"), petrochemical and energy industries.

Controls & Electrics Pte Ltd
30 Gul Drive
Singapore 629478

Main: +65 6861 3377
Fax: +65 6861 8408
Web: www.bousteadcontrols.com

Chief Executive Officer: Prasun Chakraborty

Controls & Electrics ("C&E") is a well-recognised leader in designing, engineering and supplying process control systems such as pneumatic and hydraulic or safety programmable logic controller-based wellhead control panels and hydraulic power units, integrated control & safety shutdown systems and topside automation systems, chemical injection skids, fire & gas systems and supervisory control & data acquisition (SCADA) systems for the upstream O&G industries. C&E also supplies fuel skids, instrumentation equipment and burner management systems to sister companies such as BIH.

MANAGEMENT & PRINCIPAL ACTIVITIES

Boustead Salcon Water Solutions Pte Ltd
82 Ubi Avenue 4
#08-03 Edward Boustead Centre
Singapore 408832

Main: +65 6846 9988
Fax: +65 6747 8878
Web: www.bousteadsalcon.com

Chief Executive Officer: Ravi Subramanian

Boustead Salcon Water Solutions ("BSWS") is a leading global water and wastewater engineering specialist and Singapore's largest in the energy sector. BSWS' in-depth domain expertise and vast experience focuses on seawater desalination, demineralisation and wastewater recycling. With more than 800 installations in 61 countries worldwide, BSWS has delivered projects across the O&G, petrochemical, pharmaceutical, power, semiconductor and special defence industries, as well as for municipal authorities.

PT Boustead Maxitherm Industries
Graha Pratama Building, 15th Floor
Jalan Letjend MT Haryono Kav 15
Tebet, Jakarta 12810
Indonesia

Main: +62 21 8379 3678
Fax: +62 21 8379 3648
Web: www.bousteadmaxitherm.com

President Director: Woo Chew Fay

Boustead Maxitherm Industries is an established regional specialist in designing, engineering and supplying mini-power plants, solid waste energy recovery plants and associated combustion technology.

REAL ESTATE SOLUTIONS

Boustead Projects Limited (listed on SGX Mainboard)
82 Ubi Avenue 4
#07-01 Edward Boustead Centre
Singapore 408832

Main: +65 6748 3945
Fax: +65 6748 9250
Web: www.bousteadprojects.com

Managing Director: Thomas Chu
Executive Director & Senior Deputy Managing Director: Wong Yu Wei

Boustead Projects Limited ("Boustead Projects") 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, Boustead Projects has constructed and developed more than 3,000,000 square metres of industrial real estate regionally in Singapore, China, Malaysia and Vietnam. Boustead Projects' 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. Boustead Projects is also a leader in pioneering advanced eco-sustainable facilities under the BCA's Green Mark Programme and US Green Building Council's Leadership in Energy & Environmental Design (LEED) Program. In Singapore, BP E&C is one of only ten bizSAFE Mentors and also a bizSAFE Star.

MANAGEMENT & PRINCIPAL ACTIVITIES

GEO-SPATIAL TECHNOLOGY

Esri Australia Pty Ltd
Level 3, 111 Elizabeth Street
Brisbane QLD 4000
PO Box 15459
Brisbane City East QLD 4002
Australia

Main: +61 1300 635 196
Web: www.esriaustralia.com.au

Managing Director: Brett Bundock

Esri Australia is Australia's foremost authority on geographic information systems ("GIS") and the exclusive distributor for Esri's world-leading ArcGIS platform in the country, with branch offices in Brisbane (headquarters), Adelaide, Canberra, Darwin, Melbourne, Perth and Sydney. Additionally, Esri Australia is the exclusive distributor for the ArcGIS platform in Papua New Guinea. Esri Australia also provides hosted solutions, professional services, software maintenance services and training for the ArcGIS platform.

Esri South Asia Pte Ltd
82 Ubi Avenue 4
#07-03 Edward Boustead Centre
Singapore 408832

Main: +65 6742 8622
Web: www.esrisa.com

Managing Director: Leslie Wong

Esri South Asia is the holding company for Esri Singapore, Esri Malaysia and Esri Indonesia, the exclusive distributors for Esri's world-leading ArcGIS platform in Singapore, Malaysia and Indonesia respectively. Additionally, Esri South Asia is the exclusive distributor for the ArcGIS platform in Bangladesh, Brunei and Timor-Leste. Esri South Asia also provides hosted solutions, professional services, software maintenance services and training for the ArcGIS platform.

Esri Singapore Pte Ltd
82 Ubi Avenue 4
#07-03 Edward Boustead Centre
Singapore 408832

Main: +65 6742 8622
Web: www.esrisingapore.com.sg

Chief Executive Officer: Thomas Pramotedham

Esri Singapore is Singapore's foremost authority on GIS and the exclusive distributor for Esri's world-leading ArcGIS platform in the country. Esri Singapore also provides hosted solutions, professional services, software maintenance services and training for the ArcGIS platform.

MANAGEMENT & PRINCIPAL ACTIVITIES

Esri Malaysia Sdn Bhd
Suite 10-01-02, Level 10
PJX-HM Shah Tower
16A, Persiaran Barat
Petaling Jaya
46050 Selangor
Malaysia

Main: +60 3 7629 5518
Web: www.esrimalaysia.com.my

Chief Executive Officer: Tan Choon Sang

Esri Malaysia is Malaysia's foremost authority on GIS and the exclusive distributor for Esri's world-leading ArcGIS platform in the country. Esri Malaysia also provides hosted solutions, professional services, software maintenance services and training for the ArcGIS platform.

PT Esri Indonesia
Menara 165, 6th Floor Unit B
Jalan TB Simatupang Kav 1
Jakarta Selatan 12560
Indonesia

Main: +62 21 2940 6355
Web: www.esriindonesia.co.id

Chief Executive Officer: Achmad Istamar

Esri Indonesia is Indonesia's foremost authority on GIS and the exclusive distributor for Esri's world-leading ArcGIS platform in the country, with branch offices in Jakarta (headquarters), Balikpapan, Makassar, Medan and Surabaya. Esri Indonesia also provides hosted solutions, professional services, software maintenance services and training for the ArcGIS platform.

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2018

SHARE CAPITAL

Number of ordinary shares	:	492,984,839*
Number/Percentage of treasury shares	:	47,446,214 (9.62%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

* *Excludes treasury shares*

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%**
1 - 99	185	4.34	7,729	0.00
100 - 1,000	354	8.31	226,527	0.05
1,001 - 10,000	2,171	50.95	11,554,394	2.34
10,001 - 1,000,000	1,526	35.81	74,737,168	15.16
1,000,001 AND ABOVE	25	0.59	406,459,021	82.45
TOTAL	**4,261**	**100.00**	**492,984,839**	**100.00**

LOCATION OF SHAREHOLDERS

Country	No. of Shareholders	%	No. of Shares	%**
SINGAPORE	3,927	92.16	485,641,516	98.51
MALAYSIA	277	6.50	4,973,463	1.01
OTHERS	57	1.34	2,369,860	0.48
TOTAL	**4,261**	**100.00**	**492,984,839**	**100.00**

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2018

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%**
1	RAFFLES NOMINEES (PTE) LIMITED	204,295,960	41.44
2	DBS NOMINEES (PRIVATE) LIMITED	64,317,561	13.05
3	CITIBANK NOMINEES SINGAPORE PTE LTD	56,356,990	11.43
4	HSBC (SINGAPORE) NOMINEES PTE LTD	20,381,192	4.13
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,345,175	1.29
6	UOB KAY HIAN PRIVATE LIMITED	6,176,334	1.25
7	HELEN TAN CHENG HOONG	5,166,000	1.05
8	DBSN SERVICES PTE. LTD.	5,152,079	1.05
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,248,090	0.86
10	IFAST FINANCIAL PTE LTD	4,021,700	0.82
11	WONG HENG CHONG	3,363,773	0.68
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,198,052	0.65
13	YEO KER KUANG	3,163,555	0.64
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,609,729	0.53
15	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,909,511	0.39
16	HENG SIEW ENG	1,884,435	0.38
17	CHAN CHEE WENG	1,841,076	0.37
18	PHILLIP SECURITIES PTE LTD	1,817,183	0.37
19	OCBC NOMINEES SPORE PTE LTD	1,758,384	0.36
20	ABN AMRO CLEARING BANK N.V.	1,617,377	0.33
	Total	**399,624,156**	**81.07**

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%**
Wong Fong Fui	-	-	177,871,829[1]	36.08
FMR LLC	-	-	48,781,731[1]	9.90
Fidelity Management & Research Company	-	-	34,103,542[1]	6.92

Notes:

[1] *The deemed interests of these Substantial Shareholders are held through nominees.*

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC

The percentage of shareholdings in the hands of the public as at 18 June 2018 was approximately 47.55%.** This is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, which requires at least 10% of the issued ordinary shares of the company to be held by the public.

** *The percentage of issued ordinary shares is calculated based on the total number of issued shares, excluding treasury shares of the Company.*

NOTICE OF ANNUAL GENERAL MEETING

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Boustead Singapore Limited (the "Company") will be held at Nicoll 3, Level 3, Suntec Singapore International Convention and Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 26 July 2018 at 2.30 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 March 2018 and the Independent Auditors' Report thereon. **Resolution 1**

2. To approve a final tax-exempt (one-tier) dividend of 2.0 cents per ordinary share for the year ended 31 March 2018. **Resolution 2**

3. To re-elect the following directors retiring under Article 94 of the Company's Constitution.

   a. Mr Wong Yu Loon **Resolution 3**

   b. Mr Godfrey Ernest Scotchbrook **Resolution 4**

   Note:
   Mr Godfrey Ernest Scotchbrook will, upon re-election as a director of the Company, remain as the Chairman of the Remuneration Committee and member of the Audit & Risk Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-elect Dr Tan Khee Giap retiring under Article 98 of the Company's Constitution.

   Note:
   Dr Tan Khee Giap will, upon re-election as a director of the Company, remain as the Chairman of the Audit & Risk Committee and member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **Resolution 5**

5. To approve directors' fees of up to $279,000 for the financial year ending 31 March 2019, payable quarterly in arrears (2018 actual: $232,000).
   [See Explanatory Note 1] **Resolution 6**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorise the directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit to pass with or without modifications, the following ordinary resolutions:

7. **Authority to allot and issue shares pursuant to Section 161 of the Singapore Companies Act**

   That authority be and is hereby given to the directors of the Company to:

   (i) (a) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

(ii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the directors of the Company while this resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding any treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding any treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding any treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(b) any subsequent bonus issue or consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note 2] **Resolution 8**

8. **Authority to grant awards and issue shares pursuant to the Boustead Restricted Share Plan 2011**

That authority be and is hereby given to the directors of the Company to grant awards in accordance with the provisions of the Boustead Restricted Share Plan 2011 and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the grant of awards under the Boustead Restricted Share Plan 2011, provided that the aggregate number of new shares to be issued pursuant to the Boustead Restricted Share Plan 2011 shall not exceed ten per cent (10%) of the issued ordinary share capital of the Company (excluding any treasury shares and subsidiary holdings) from time to time.

[See Explanatory Note 3] **Resolution 9**

9. **Authority to allot and issue shares pursuant to the Boustead Scrip Dividend Scheme**

That authority be and is hereby given to the directors of the Company to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the application of the Boustead Scrip Dividend Scheme.

[See Explanatory Note 4] **Resolution 10**

10. To transact any other business of the Company which may arise.

NOTICE OF ANNUAL GENERAL MEETING

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 3 August 2018 for the purpose of determining shareholders' entitlements to the final dividend to be paid on 17 August 2018, subject to and contingent upon shareholders' approval for the proposed dividend being obtained at the forthcoming Annual General Meeting of the Company.

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 3 August 2018 will be registered before entitlements to the dividend are determined.

By Order of the Board

Alvin Kok
Company Secretary
9 July 2018

Explanatory Notes on Ordinary and Special Businesses to be transacted

1. The Ordinary Resolution 6 is to allow the Company to pay directors' fees to all non-executive directors in arrears on a quarterly basis.

2. The Ordinary Resolution 8 is to enable the directors to issue shares in the Company up to 50% of the total number of issued shares excluding any treasury shares and subsidiary holdings in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding any treasury shares and subsidiary holdings in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

3. The Ordinary Resolution 9 is to allow the directors to grant awards and issue shares pursuant to the Boustead Restricted Share Plan 2011.

4. The Ordinary Resolution 10 is to allow the directors to issue shares pursuant to the Boustead Scrip Dividend Scheme.

NOTICE OF ANNUAL GENERAL MEETING

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

Notes:

(1) A member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two proxies to attend and vote in his stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(2) Where a member (other than a Relevant Intermediary*) appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

(3) A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

(4) The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(5) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832 not later than 48 hours before the time appointed for the holding of the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

Annual General Meeting to be held on
26 July 2018 at 2.30 p.m.
(Before completing this form, please see notes below)

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in the capital of Boustead Singapore Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______ (Name) ______ (NRIC/ Passport Number)

of ______

being a member/members of the above-named Company, hereby appoint Mr/Mrs/Ms

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting of the Company as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 26 July 2018 at 2.30 p.m. and at any adjournment thereof in the manner indicated below:

	Ordinary Resolutions:	For	Against
Resolution 1	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 March 2018 and the Independent Auditors' Report.		
Resolution 2	To approve a final tax-exempt (one-tier) dividend of 2.0 cents per ordinary share for the year ended 31 March 2018.		
Resolution 3	To re-elect Mr Wong Yu Loon as a director of the Company.		
Resolution 4	To re-elect Mr Godfrey Ernest Scotchbrook as a director of the Company.		
Resolution 5	To re-elect Dr Tan Khee Giap as a director of the Company.		
Resolution 6	To approve directors' fees of up to $279,000 for the year ending 31 March 2019, payable quarterly in arrears.		
Resolution 7	To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the directors to fix their remuneration.		
Resolution 8	To authorise the directors to allot and issue shares pursuant to Section 161 of the Singapore Companies Act.		
Resolution 9	To authorise the directors to grant awards and issue shares pursuant to the Boustead Restricted Share Plan 2011.		
Resolution 10	To authorise the directors to allot and issue shares pursuant to the Boustead Scrip Dividend Scheme.		

(Please indicate with a cross "X" in the spaces provided whether you wish your vote/votes to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies may vote or abstain as he/she thinks fit.)

Signed this ______ day of ______ 2018

Signature(s) of Member(s) or Common Seal

Total no. of shares	No. of shares
In CDP Register	
In Register of Members	

PROXY FORM

BOUSTEAD SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 197501036K)

Notes:

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of the Company having a share capital who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this form of proxy including the number and class of shares in relation to which each proxy has been appointed, to the registered office of the Company at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
5. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832 not less than 48 hours before the time fixed for holding the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport number, addresses and number of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the Secretary's Office at 82 Ubi Avenue 4, #08-01 Edward Boustead Centre, Singapore 408832, not less than 48 hours before the time fixed for holding the AGM.

GENERAL:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy :

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 July 2018.

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BOUSTEAD SINGAPORE LIMITED
Company Registration Number: 197501036K

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