



Boustead Singapore Limited
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BOUSTEAD FINANCIAL RESULTS ANNOUNCEMENT FOR 2Q FY2016 ENDED 30 SEPTEMBER 2015

	2Q FY2016	2Q FY2015	Change	1H FY2016	1H FY2015	Change
Revenue	S\$115.1m	S\$129.7m	-11%	S\$231.8m	S\$256.1m	-9%
Gross profit	S\$40.2m	S\$48.8m	-17%	S\$77.3m	S\$92.0m	-16%
Profit before income tax	¹ S\$18.1m	² S\$24.7m	-27%	¹ S\$30.3m	² S\$46.6m	-35%
Total profit	¹ S\$13.7m	² S\$18.1m	-24%	¹ S\$22.6m	² S\$35.2m	-36%
Profit attributable to equity holders of Company ("net profit")	S\$10.3m	S\$17.5m	-41%	S\$16.6m	S\$33.6m	-51%
Net profit (adjusted for Boustead Projects demerger)*	S\$10.3m	S\$13.5m	-23%	S\$16.6m	S\$26.7m	-38%
- Earnings per share	2.0cts	3.4cts	-41%	3.2cts	6.5cts	-51%
- Net asset value per share				**57.6cts	68.8cts	-16%

Notes:

¹ Includes other gains of S\$1.1m in 2Q FY2016 and other losses of S\$1.5m in 1H FY2016

² Includes other losses of S\$0.4m in 2Q FY2015 and other gains of S\$3.2m in 1H FY2015

* Net profit of 2Q FY2015 and 1H FY2015 have been adjusted to reflect 48.8% demerger of Boustead Projects Limited for comparison purposes

** Lower net asset value per share due to dividend *in specie* of Boustead Projects Limited's shares

Note to Editors: The Group's revenue is largely derived from project-oriented businesses and as such, quarterly results would not accurately reflect the full-year's performance. Full-year to full-year comparisons are more appropriate for analytical purposes.

2Q/1H FY2016 Highlights:

- 2Q FY2016 revenue of S\$115.1 million, 11% lower than 2Q FY2015. 1H FY2016 revenue of S\$231.8 million, 9% lower than 1H FY2015.
- 2Q FY2016 net profit of S\$10.3 million, 41% lower than 2Q FY2015. For comparative review, if net profit for 2Q FY2015 had been adjusted to take into account the demerger and other gains and losses, then 2Q FY2016 net profit would be 34% lower than 2Q FY2015.
- 1H FY2016 net profit of S\$16.6 million, 51% lower than 1H FY2015. For comparative review, if net profit for 1H FY2015 had been adjusted to take into account the demerger and other gains and losses, then 1H FY2016 net profit would be 23% lower than 1H FY2015.
- The Group's order book backlog currently stands at S\$353 million.
- Declared interim dividend of 1 cent per share.
- The Group has made a proposed acquisition of an energy asset in Indonesia.

Singapore, 13 November 2015 – Mainboard-listed Boustead Singapore Limited (“Boustead” or the “Group”), a progressive global infrastructure-related engineering services and geo-spatial technology group today announced its unaudited financial results for the second quarter and first half ended 30 September 2015 (“2Q FY2016” and “1H FY2016” respectively).

For 2Q FY2016, the Group registered revenue of S\$115.1 million, total profit of S\$13.7 million and profit attributable to equity holders of the Company (“net profit”) of S\$10.3 million. These were 11%, 24% and 41% lower respectively than 2Q FY2015.

The greater percentage decrease in net profit versus total profit is due to the demerger of Boustead Projects Limited (“BP”), in which approximately 48.8% of BP’s shares were distributed as a dividend *in specie* on 30 April 2015, resulting in a significant rise in profit attributable to non-controlling interests. For comparative review, if net profit for 2Q FY2015 had been adjusted to take into account the demerger and other gains and losses, then 2Q FY2016 net profit would be 34% lower than 2Q FY2015.

For 1H FY2016, the Group registered revenue of S\$231.8 million, total profit of S\$22.6 million and net profit of S\$16.6 million. These were 9%, 36% and 51% lower respectively than 1H FY2015. For comparative review, if net profit for 1H FY2015 had been adjusted to take into account the demerger and other gains and losses, then 1H FY2016 net profit would be 23% lower than 1H FY2015.

In view of the Group’s lower profit performance amidst a challenging macro environment but with a healthy cash position, the Board of Directors has declared an interim dividend of 1 cent per share. The Group is seeking to conserve cash resources in order to be ready to take advantage of potential acquisition and investment opportunities. Shareholders will be given the option to receive the interim dividend in cash and/or scrip under the Boustead Scrip Dividend Scheme.

Mr Wong Fong Fui, Chairman and Group Chief Executive Officer of Boustead said, “The difficult global business environment and specific market conditions in the global oil & gas industries and within Singapore’s industrial real estate market are being reflected in our results. We are already in the midst of a ‘winter’ – whether it be short or a long-drawn out one, we do not know. For strategic purposes and prudence, we decided to reduce the interim dividend to one cent per share which shareholders can choose to take in cash and/or scrip. Conserving our healthy cash resources in this environment is the right thing to do so that we can capitalise on great acquisition or investment opportunities when the time arrives.”

In line with the weak environment in the global oil & gas industries, the Energy-Related Engineering Division experienced a 33% drop in revenue to S\$35.2 million in 2Q FY2016. Low crude oil prices continued to dampen the appetite of global oil & gas corporations to undertake sizeable capital expenditures and investments.

The Real Estate Solutions Division (i.e. BP) achieved revenue of S\$53.8 million, growing 6%. Design-and-build revenue came in at a comparable level to 2Q FY2015, while leasing revenue increased significantly with the benefit of full quarterly contributions of three design-build-and-lease projects completed during FY2015.

The Geo-Spatial Technology Division delivered revenue of S\$26.1 million, almost comparable to 2Q FY2015. This was attained despite the significant negative effects of currency headwinds, especially the weaker AUD versus SGD and USD. Demand remained firm across Australia and South East Asia.

The Group's gross profit slid 17% to S\$40.2 million, while the gross margin softened to 35% in 2Q FY2016 from 38% in 2Q FY2015. Pressure on gross margins has been more pronounced due to the challenging macro environment.

Profit before income tax decreased by 27% to S\$18.1 million, primarily due to lower gross profit contributions from the Energy-Related Engineering Division and Real Estate Solutions Division. Despite the significant challenges, all three operating divisions remained profitable in 2Q FY2016, with the Geo-Spatial Technology Division improving profit before income tax even in the face of currency headwinds.

Total profit decreased 24% for reasons mentioned earlier. The effective tax rate was 24% in 2Q FY2016 as compared to 27% in 2Q FY2015.

The Group's net cash position (i.e. net of all bank borrowings) stood at S\$129.9 million at the end of 1H FY2016, translating to a net cash per share position of 25.0 cents. In addition, the Group maintained S\$78.8 million in available-for-sale financial assets at the end of 1H FY2016, of which about half of the amount are highly liquid.

To date in FY2016, the Group has secured new contracts of approximately S\$156 million. The Group's order book backlog (as at the end of 2Q FY2016 plus new orders since) remains relatively healthy at S\$353 million, of which S\$120 million is under the Energy-Related Engineering Division and S\$233 million is under the Real Estate Solutions Division.

Given the current global economic climate, the Group continues to stay cautious on its business prospects. Continued delays in the award of sizeable contracts from the global oil & gas industries are expected in FY2016, given the imbalance in the demand and supply equilibrium. In addition, future gross margins are likely to be affected although the Group has put in place additional cost management measures to partially mitigate this.

Since the Group's last update in respect of receiving a positive judgment on its legal case related to Libya and the subsequent appeal filed by Arab Banking Corporation (B.S.C.), the appeal was heard by the Court of Appeal on 19 October 2015. The Court of Appeal has reserved its judgment. The Group's legal advisors have continued to confirm the strength of the Group's case. Further announcements will be made by the Group as and when there are any additional material developments.

While the Group believes it will continue to be profitable in FY2016, the level of profit will be considerably lower than that of FY2015 due to the depressed market and challenging business environment, especially in the oil & gas service industries. Nonetheless, the Group's healthy balance sheet places it in a strong position to capitalise on good opportunities.

On 9 November 2015, the Group announced that it is part of a consortium that is involved in a proposed acquisition of 100% interest in Pase Production Sharing Contract in Aceh, Indonesia from ASX-listed Triangle Energy (Global) Ltd ("TEG"). The acquisition will provide the Group with an excellent opportunity to expand its Energy-Related Engineering Division, grow its recurring revenue base further and acquire an energy asset at an attractive valuation. Completion of the acquisition is still dependent on the receipt of approval from TEG's shareholders.

-- End of media release --

About Boustead Singapore Limited

Established in 1828, Boustead Singapore Limited is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the SGX. Focusing on the engineering and development of key infrastructure supporting economic growth in the public and private sectors of emerging 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 systems – to major markets across Australia and South East Asia. Our location intelligence solutions are essential to effectively plan, deploy and manage key infrastructure and resources in countries.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, Boustead is ready to serve the world. To date, Boustead has undertaken infrastructure-related projects in 84 countries globally.

In 2008 and 2009, Boustead was 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, Boustead was also a 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. Boustead is also listed on the MSCI Global Small Cap Index for Singapore and the FTSE ST Small Cap Index.

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