

BOARDROOM LIMITED

(Registration No. 200003902Z)

SECOND QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP					
	S\$'000		%	S\$'000		%
	2nd Qtr 1 Apr 2018 to 30 Jun 2018	2nd Qtr 1 Apr 2017 to 30 Jun 2017 (Restated*)	Increase / (Decrease)	6M18 1 Jan 2018 to 30 Jun 2018	6M17 1 Jan 2017 to 30 Jun 2017 (Restated*)	Increase / (Decrease)
Corporate Secretarial Fees	7,525	6,226	20.9%	13,286	11,025	20.5%
Share Registry Fees	11,449	10,970	4.4%	20,588	18,591	10.7%
Accounting & Payroll Fees	4,109	3,591	14.4%	8,259	7,721	7.0%
Total Revenue	23,083	20,787	11.0%	42,133	37,337	12.8%
Other Income	268	113	137.2%	639	426	50.0%
Employee Benefits Expense	(11,265)	(10,373)	8.6%	(21,962)	(20,928)	4.9%
Operating Expenses	(6,719)	(6,157)	9.1%	(12,050)	(10,610)	13.6%
Interest on Bank Borrowings	(78)	(58)	34.5%	(138)	(122)	13.1%
Depreciation & Amortisation	(777)	(668)	16.3%	(1,598)	(1,321)	21.0%
Loss on Foreign Exchange	(27)	(8)	237.5%	(83)	(26)	219.2%
Share of associate's profit, net of tax	9	-	NM	7	-	NM
Profit Before Tax	4,494	3,636	23.6%	6,948	4,756	46.1%
Less: Income Tax Expense	(876)	(668)	31.1%	(1,398)	(930)	50.3%
Profit After Tax	3,618	2,968	21.9%	5,550	3,826	45.1%
Other Comprehensive Income:						
Items that may be classified subsequently to profit or loss						
Foreign Currency Translation Gain/(Loss)	862	(981)	-187.9%	(935)	(731)	27.9%
Other Comprehensive Income/(Loss) for the Period	862	(981)	-187.9%	(935)	(731)	27.9%
Total Comprehensive Income for the Period	4,480	1,987	125.5%	4,615	3,095	49.1%
PROFIT AFTER TAX ATTRIBUTABLE TO:						
Owners of the Parent	3,618	2,968	21.9%	5,550	3,826	45.1%
Non-Controlling Interests	-	-	NM	-	-	NM
Profit After Tax	3,618	2,968	21.9%	5,550	3,826	45.1%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Parent	4,480	1,987	125.5%	4,615	3,095	49.1%
Non-Controlling Interests	-	-	NM	-	-	NM
Total Comprehensive Income for the Period	4,480	1,987	125.5%	4,615	3,095	49.1%

NM : Not Meaningful

* : The comparative figures for the financial period ended 30 June 2017 have been restated to take into account the retrospective adjustments arising from the adoption of SFRS(I) 15 – Revenue From Contracts with Customers.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		S\$'000		S\$'000	
		30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
NON-CURRENT ASSETS					
Property, plant and equipment		2,024	2,859	405	489
Computer software		6,871	5,789	172	236
Investments in subsidiaries		-	-	86,493	86,493
Intangible assets	1	65,086	63,696	-	-
Investment in associate	2	1,237	-	-	-
Deferred tax assets		274	299	9	9
		75,492	72,643	87,079	87,227
CURRENT ASSETS					
Trade and other receivables		21,242	20,402	1,114	1,736
Unbilled disbursements		99	107	-	-
Amounts due from subsidiaries (non-trade)		-	-	2,853	4,272
Cash and cash equivalents		15,759	20,899	765	4,037
		37,100	41,408	4,732	10,045
Less:					
CURRENT LIABILITIES					
Trade and other payables		13,135	15,301	1,581	1,550
Disbursements billed in advance		4	76	-	-
Bank borrowings		2,701	1,500	1,500	1,500
Contract liabilities (previously known as amounts due to customers for work-in-progress)		1,830	2,301	-	-
Amount due to subsidiaries (non-trade)		-	-	32	30
Income tax payable		1,091	275	88	105
		18,761	19,453	3,201	3,185
Net current assets		18,339	21,955	1,531	6,860
Bank borrowings		(6,250)	(7,000)	(6,250)	(7,000)
Provision for employees benefits		(176)	(254)	-	-
Deferred tax liabilities		(5,549)	(5,261)	-	-
NET ASSETS		81,856	82,083	82,360	87,087
FINANCED BY:					
Equity attributable to owners of the parent					
Share capital		37,554	37,554	37,554	37,554
Reserves		44,302	44,529	44,806	49,533
TOTAL EQUITY		81,856	82,083	82,360	87,087

Notes:

- Intangible Assets represent primarily goodwill arising from acquisitions in Hong Kong, Malaysia and Australia subsidiaries. Any excess of the consideration over the fair value of the net assets as at the date of the acquisition represents goodwill.
- Investment in associate represents investment made in Australia to acquire Definitiv Group.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 June 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
NIL	2,701	NIL	1,500

Amount repayable after one year

As at 30 June 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
NIL	6,250	NIL	7,000

Details of any collateral

NIL

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP			
	S\$'000			
	2nd Qtr 1 Apr 2018 to 30 Jun 2018	2nd Qtr 1 Apr 2017 to 30 Jun 2017	6M18 1 Jan 2018 to 30 Jun 2018	6M17 1 Jan 2017 to 30 Jun 2017
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	4,494	3,636	6,948	4,756
Adjustments for:				
Depreciation & amortisation	777	668	1,598	1,321
Allowance/(write-back of) for impairment of trade receivables	15	(39)	(196)	159
Exchange differences	46	(158)	168	38
Interest income	(222)	(55)	(406)	(118)
Interest expense	78	58	138	122
Share of associate's profit	(9)	-	(7)	-
Operating profit before working capital changes	5,179	4,110	8,243	6,278
Increase in operating receivables and prepayments	(995)	(1,731)	(723)	(210)
(Decrease)/increase in operating payable	(710)	381	(2,433)	(1,640)
Decrease in contract liabilities (previously known as amounts due to customers for work-in-progress)	(1,132)	(1,162)	(519)	(1,180)
Cash generated from operations	2,342	1,598	4,568	3,248
Interest expense paid	(78)	(58)	(138)	(122)
Income tax paid	(551)	(377)	(689)	(711)
Net cash generated from operating activities	1,713	1,163	3,741	2,415
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(127)	(141)	(296)	(435)
Acquisition of computer software	(505)	(352)	(900)	(757)
Acquisition of a subsidiary (note A)	-	-	(2,430)	-
Acquisition of an associate	(51)	-	(1,261)	-
Proceeds from sale of property, plant and equipment	-	1	-	1
Interest received	222	55	406	118
Net cash used in investing activities	(461)	(437)	(4,481)	(1,073)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	(4,842)	(3,873)	(4,842)	(3,873)
Repayment of bank borrowings	(750)	(750)	(750)	(750)
Proceeds from bank borrowings	1,201	-	1,201	-
Net cash used in financing activities	(4,391)	(4,623)	(4,391)	(4,623)
Net decrease in cash and cash equivalents	(3,139)	(3,897)	(5,131)	(3,281)
Cash and cash equivalents at beginning of the period	18,770	20,730	20,899	20,185
Exchange loss arising from translation of foreign currencies cash and cash equivalents	128	(66)	(9)	(137)
CASH AND CASH EQUIVALENTS AT PERIOD END	15,759	16,767	15,759	16,767

Note A:**Acquisition of Subsidiary**

The Group acquired a subsidiary. The fair value of the identifiable assets acquired and liabilities assumed of the subsidiary as at acquisition date were as follows:

	Fair value Recognised on Acquisition S\$,000
Intangible assets	2,430
Deferred tax liabilities	(729)
Total identifiable net assets at fair value	1,701
Goodwill arising from acquisition	729
	2,430
<u>CONSIDERATION TRANSFERRED FOR THE ACQUISITION</u>	
Cash paid	2,430
<u>EFFECT OF THE ACQUISITION ON CASH FLOWS</u>	
Consideration settled in cash	2,430
CASH OUTFLOW ON ACQUISITION	2,430

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Attributable to Owners of the Parent					Total
	Share capital	Exchange translation reserve	Premium paid on acquisition of non-controlling interest	Share option capital reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 January 2018, as previously reported	37,554	(13,479)	(12,569)	-	70,577	82,083
Effect of transition to SFRS(I)s	-	11,637	-	-	(11,637)	-
Balance as at 1 January 2018, restated	37,554	(1,842)	(12,569)	-	58,940	82,083
Total comprehensive income for the period	-	(1,797)	-	-	1,932	135
Balance as at 31 March 2018	37,554	(3,639)	(12,569)	-	60,872	82,218
Total comprehensive income for the period	-	862	-	-	3,618	4,480
2017 final tax-exempt cash dividend of S\$0.025 per share	-	-	-	-	(4,842)	(4,842)
Balance as at 30 June 2018	37,554	(2,777)	(12,569)	-	59,648	81,856

Balance as at 1 January 2017, as previously reported	37,554	(11,637)	(12,569)	-	63,877	77,225
Effect of transition to SFRS(I)s	-	11,637	-	-	(11,637)	-
Balance as at 1 January 2017, restated	37,554	-	(12,569)	-	52,240	77,225
Total comprehensive income for the period	-	250	-	-	858	1,108
Balance as at 31 March 2017	37,554	250	(12,569)	-	53,098	78,333
Total comprehensive income for the period	-	(981)	-	-	2,968	1,987
2016 final tax-exempt cash dividend of S\$0.020 per share	-	-	-	-	(3,873)	(3,873)
Balance as at 30 June 2017	37,554	(731)	(12,569)	-	52,193	76,447

COMPANY	Share capital	Exchange translation reserve	Premium paid on acquisition of non-controlling interest	Share option capital reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	Balance as at 1 January 2018	37,554	-	-	-	49,533
Total comprehensive income for the period	-	-	-	-	114	114
Balance as at 31 March 2018	37,554	-	-	-	49,647	87,201
Total comprehensive income for the period	-	-	-	-	1	1
2017 final tax-exempt cash dividend of S\$0.025 per share	-	-	-	-	(4,842)	(4,842)
Balance as at 30 June 2018	37,554	-	-	-	44,806	82,360

Balance as at 1 January 2017	37,554	-	-	-	46,514	84,068
Total comprehensive income for the period	-	-	-	-	951	951
Balance as at 31 March 2017	37,554	-	-	-	47,465	85,019
Total comprehensive income for the period	-	-	-	-	551	551
2016 final tax-exempt cash dividend of S\$0.020 per share	-	-	-	-	(3,873)	(3,873)
Balance as at 30 June 2017	37,554	-	-	-	44,143	81,697

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company's share capital of \$37,553,746 as at 30 June 2018 remained the same as of 31 December 2017.

The Company no longer has any share option scheme. There were no shares held as treasury shares as at 30 June 2018 and 30 June 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares was 193,660,184 as at 30 June 2018 and 31 December 2017.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There are no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

There is no auditors' report as these figures have not been audited nor reviewed by the Company's auditors.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2017, except as disclosed in paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the IFRS, Singapore Financial Reporting Standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the quarter ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of IFRS. In addition, the Group has concurrently applied SFRS(I) 15 Revenue from Contracts with Customers, which is relevant to its operations and effective for annual periods beginning on or after 1 January 2018.

The adoption of these amendments did not have any significant impact on the financial performance or position of the Group except for the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected to set the cumulative exchange differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, exchange translation reserve and retained earnings as at 1 January 2017 was increased/reduced by \$11,637,000 respectively.

b) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The Group does not expect any significant impact to arise from the SFRS(I) 15 application with the exception of the out-of-pocket reimbursements. Out-of-pocket reimbursements are expenses that are often incurred by service providers while performing work for their customers. It is common in service arrangements for the parties to agree that the customer will reimburse the service provider for some or all of the out-of-pocket expenses. Under SFRS(I) 15, the Group is the principal in these situations because it controls the specified good or service before it transfers to the customer and should recognise reimbursements for out-of-pocket expenses as revenue.

On the adoption of SFRS(I) 15, the Group recorded an adjustment to increase revenue, with a corresponding increase in other operating expenses for the financial period ended 30 June 2018. Same adjustments have been recorded to restate revenue and other operating expenses for the financial period ended 30 June 2017. No impact on the profit before tax and profit after tax for the both financial periods upon the adoption of the standard.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	30 Jun 2018	30 Jun 2017
Earnings per ordinary share for the period attributable to owners of the parent after deducting any provision for preference dividends :-		
(a) Based on weighted average number of ordinary shares on issue; and	2.87 cents	1.98 cents
(b) On a fully diluted basis	2.87 cents	1.98 cents

Notes:

- The earnings per share is calculated on the profit after tax attributable to owners of the parent on the weighted average number of shares in issue of 193,660,184 (31 December 2017 – 193,660,184).
- The diluted earnings per share is calculated on the profit after tax attributable to owners of the parent on the number of shares in issue adjusted for the effect of dilutive potential ordinary shares. The total number of shares amounted to 193,660,184 (31 December 2017 – 193,660,184).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	42.27 cents	42.39 cents	42.53 cents	44.97 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF PERFORMANCE OF THE GROUP

3 months to 30 June 2018

The Group's revenue for the three months ended 30 June 2018 ("2Q18") totaled \$23.1 million compared to previous corresponding restated quarter ended 30 June 2017 ("2Q17") of \$20.8 million. The 11.0% increase was due to higher revenue of approximately \$2.6 million in constant currency terms, offset by a \$276,000 negative foreign exchange impact. We are seeing revenue growth across all regions ranging from 6.6% to 32.4% quarter-on-quarter with the exception of China.

Other income increased to \$268,000 (2Q17: \$113,000) mainly due to higher interest income.

Total expenses increased by \$1.6 million or 9.3%. In constant currency terms, our total expenses increased \$1.8 million or 10.7%, offset by \$238,000 or 1.4% favorable foreign currency exchange impact. The increase was mainly due to higher staff costs for retaining staff in the highly competitive labour market in which we are operating in.

The Group's profit before tax for 2Q18 increased by 23.6% to \$4.5 million (2Q17: \$3.6 million) mainly due to higher revenue. Income tax expenses for 2Q18 increased by 31.1% to \$876,000 (2Q17: \$668,000) in tandem with the increase in profit before tax.

The Group's net profit after tax of \$3.6 million was 21.9% or \$650,000 higher compared to 2Q17's \$3.0 million.

Other comprehensive gain of \$862,000 for 2Q18 (2Q17: \$981,000 loss) arose from the translation of financial statements of foreign subsidiaries.

6 months to 30 June 2018

The Group's revenue for the six months ended 30 June 2018 ("6M18") totaled \$42.1 million compared to previous corresponding restated six months ended 30 June 2017 ("6M17") of \$37.3 million. The 12.8% increase was due to higher revenue of approximately S\$5.5 million in constant currency term, offset by a \$659,000 negative foreign exchange impact. We are seeing revenue growth across all regions ranging from 6.8% to 30.9% year-on-year with the exception of China.

Other income for 6M18 increased by 50% to \$639,000 (6M17: \$426,000) mainly due to higher interest income.

Total expenses increased by \$2.8 million or 8.6%. In constant currency terms, our total expenses increased \$3.4 million or 10.3%, offset by \$565,000 or 1.7% favorable foreign currency exchange impact. The increase was mainly due to higher staff costs for retaining staff in the highly competitive labour market in which we are operating in and higher disbursement expenses as a result of higher revenue generated during the quarter ended 30 June 2018.

The Group's profit before tax for 6M18 increased by 46.1% to \$6.9 million (6M17: \$4.8 million) mainly due to higher revenue. Income tax expense for 6M18 increased by 50.3% to \$1.4 million (6M17: \$930,000) in line with the increase in profit before tax.

The Group's net profit after tax for 6M18 of \$5.6 million was 45.1% (\$1.7 million) higher compared to 6M17's \$3.8 million.

Other comprehensive loss of \$935,000 for 6M18 (6M17: \$731,000) arose from the translation of financial statements of foreign subsidiaries.

Statement of Financial Position

Non-current assets

Increase in intangible assets from \$63.7 million as at 31 December 2017 to \$65.1 million as at 30 June 2018 was mainly due to the customer relationships and goodwill arising from the acquisition of Corporate Counsel by Boardroom Australia.

Net Current Assets Position of the Group

The Group reported a lower net current assets position of \$18.3 million as at 30 June 2018, compared to \$22.0 million as at 31 December 2017 mainly due to lower cash and bank balances.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We are seeing the benefits through acquisitions in Australia contributing approximately 2.0% of 1H 2018 overall Group revenues. With the recent announcement to acquire the Symphony companies in Malaysia, we expect to significantly enhance our position in the Malaysian corporate services market. We will work towards capitalising on the opportunities of the enlarged group.

Management is looking to further drive synergies at the regional level and expect the overall Group's performance to remain satisfactory.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the current financial period and the corresponding period of the immediately preceding financial year.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have an interested person transaction mandate.

- 14. Negative Confirmation By The Board Pursuant To Rule 705(5).**

We, Goh Geok Khim and Kim Teo Poh Jin being two directors of Boardroom Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the second quarter ended 30 June 2018 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Goh Geok Khim
Chairman

Kim Teo Poh Jin
Chief Executive Officer

BY ORDER OF THE BOARD

Kim Teo Poh Jin
Chief Executive Officer
3th August 2018