

# BOARDROOM LIMITED

(Registration No. 200003902Z)

## FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

### 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		%
	1st Qtr 1 Jan 2019 to 31 Mar 2019	1st Qtr 1 Jan 2018 to 31 Mar 2018	Increase / (Decrease)
Corporate Secretarial Fees	7,060	5,761	22.5%
Share Registry Fees	9,903	9,139	8.4%
Accounting & Payroll Fees	5,375	4,150	29.5%
<b>Total Revenue</b>	<b>22,338</b>	<b>19,050</b>	<b>17.3%</b>
Other Income	422	371	13.7%
Employee Benefits Expense	(13,862)	(10,697)	29.6%
Operating Expenses	(5,509)	(5,331)	3.3%
Finance Cost	(690)	(60)	1,050.0%
Depreciation & Amortisation	(1,822)	(821)	121.9%
Impairment of Goodwill	-	-	NM
Loss on Foreign Exchange	(88)	(56)	57.1%
Share of associate's profit/(loss), net of tax	46	(2)	NM
<b>Profit Before Tax</b>	<b>835</b>	<b>2,454</b>	<b>-66.0%</b>
Less: Income Tax Expense	(417)	(522)	-20.1%
<b>Profit After Tax</b>	<b>418</b>	<b>1,932</b>	<b>-78.4%</b>
<b>Other Comprehensive Income:</b>			
<b>Items that may be classified subsequently to profit or loss</b>			
Foreign Currency Translation Loss	(124)	(1,797)	-93.1%
Cashflow hedge	46	-	NM
<b>Other Comprehensive Loss for the Period</b>	<b>(78)</b>	<b>(1,797)</b>	<b>-95.7%</b>
<b>Total Comprehensive Income for the Period</b>	<b>340</b>	<b>135</b>	<b>151.9%</b>
<b>PROFIT AFTER TAX ATTRIBUTABLE TO:</b>			
Owners of the Parent	418	1,932	-78.4%
Non-Controlling Interests	-	-	NM
<b>Profit After Tax</b>	<b>418</b>	<b>1,932</b>	<b>-78.4%</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the Parent	340	135	151.9%
Non-Controlling Interests	-	-	NM
<b>Total Comprehensive Income for the Period</b>	<b>340</b>	<b>135</b>	<b>151.9%</b>

NM : Not Meaningful

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

**STATEMENT OF FINANCIAL POSITION**

	Note	GROUP		COMPANY	
		S\$'000		S\$'000	
		31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		2,599	2,693	452	507
Computer software		7,941	7,577	77	106
Investments in subsidiaries		-	-	65,177	64,677
Intangible assets	1	110,736	111,332	-	-
Investment in associate	2	3,193	3,159	-	-
Deferred tax assets		806	805	9	9
Right of use		12,784	-	5,885	-
Finance lease receivables		810	-	810	-
		<b>138,869</b>	<b>125,566</b>	<b>72,410</b>	<b>65,299</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables		23,031	23,832	974	887
Unbilled receivables		7,570	1,835	-	-
Amounts due from subsidiaries (non-trade)		-	-	69,885	70,417
Short-term investments		949	935	-	-
Tax recoverable		378	364	-	-
Finance lease receivables		438	-	438	-
Cash and cash equivalents		22,614	24,622	2,671	4,202
		<b>54,980</b>	<b>51,588</b>	<b>73,968</b>	<b>75,506</b>
Less:					
<b>CURRENT LIABILITIES</b>					
Trade and other payables		16,686	20,030	2,042	2,049
Bank borrowings		10,800	10,800	10,800	10,800
Contract liabilities		11,435	4,421	-	-
Derivative liabilities		351	109	351	109
Lease liabilities		4,553	-	2,374	-
Amount due to subsidiaries (non-trade)		-	-	614	396
Income tax payable		1,663	1,241	81	81
		<b>45,488</b>	<b>36,601</b>	<b>16,262</b>	<b>13,435</b>
Net current assets		9,492	14,987	57,706	62,071
Bank borrowings		(35,550)	(37,450)	(35,550)	(37,450)
Lease liabilities		(9,545)	-	(4,760)	-
Provision for employees benefits		(239)	(234)	-	-
Deferred tax liabilities		(7,381)	(7,563)	-	-
<b>NET ASSETS</b>		<b>95,646</b>	<b>95,306</b>	<b>89,806</b>	<b>89,920</b>
<b>FINANCED BY:</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital		50,034	50,034	50,034	50,034
Reserves		45,612	45,272	39,772	39,886
<b>TOTAL EQUITY</b>		<b>95,646</b>	<b>95,306</b>	<b>89,806</b>	<b>89,920</b>

**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 represent 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 31 Mar 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
NIL	10,800	NIL	10,800

**Amount repayable after one year**

As at 31 Mar 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
NIL	35,550	NIL	37,450

**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	
	1st Qtr 1 Jan 2019 to 31 Mar 2019	1st Qtr 1 Jan 2018 to 31 Mar 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	835	2,454
Adjustments for:		
Depreciation & amortisation	1,822	821
Allowance/(reversal) for impairment of trade receivables	114	(211)
Exchange differences	(92)	122
Loss on disposal of property, plant and equipment	1	-
Interest income	(352)	(184)
Interest expense	690	60
Share of associates' (profits)/loss	(46)	2
<b>Operating profit before working capital changes</b>	<b>2,972</b>	<b>3,064</b>
Decrease in operating receivables and prepayments	649	272
Decrease in operating payable	(3,237)	(1,723)
Increase in unbilled receivables	(5,732)	-
Increase in contract liabilities	7,041	613
<b>Cash generated from operations</b>	<b>1,693</b>	<b>2,226</b>
Interest expense paid	(619)	(60)
Income tax paid	(66)	(138)
<b>Net cash generated from operating activities</b>	<b>1,008</b>	<b>2,028</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(292)	(169)
Acquisition of computer software	(532)	(395)
Acquisition of a subsidiary	-	(2,430)
Acquisition of an associate	-	(1,210)
Proceeds from sale of property, plant and equipment	2	-
Interest received	352	184
<b>Net cash used in investing activities</b>	<b>(470)</b>	<b>(4,020)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(1,900)	-
Repaid finance liabilities and paid interest relating to finance liabilities	(651)	-
<b>Net cash used in financing activities</b>	<b>(2,551)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,013)</b>	<b>(1,992)</b>
Cash and cash equivalents at beginning of the period	24,622	20,899
Exchange loss arising from translation of foreign currencies cash and cash equivalents	5	(137)
<b>CASH AND CASH EQUIVALENTS AT PERIOD END</b>	<b>22,614</b>	<b>18,770</b>

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	Hedging reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	50,034	3,116	(12,569)	(247)	54,972	95,306
Total comprehensive income for the period	-	(124)	-	46	418	340
Balance as at 31 March 2019	50,034	2,992	(12,569)	(201)	55,390	95,646

Balance as at 1 January 2018	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

COMPANY	Share capital	Exchange translation reserve	Premium paid on acquisition of non-controlling interest	Hedging reserve	Retained earnings	Total
Balance as at 1 January 2019	50,034	-	-	(247)	40,133	89,920
Total comprehensive income for the period	-	-	-	46	(160)	(114)
Balance as at 31 March 2019	50,034	-	-	(201)	39,973	89,806

Balance as at 1 January 2018	37,554	-	-	-	49,533	87,087
Total comprehensive income for the period	-	-	-	-	114	114
Balance as at 31 March 2018	37,554	-	-	-	49,647	87,201

**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 \$50,033,746 as at 31 March 2019 remained the same as of 31 December 2018.

The Company no longer has any share option scheme. There were no shares held as treasury shares as at 31 March 2019 and 31 March 2018.

**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 209,660,184 as at 31 March 2019 and 31 December 2018.

**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 2018, 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.**

The Group has adopted all the new and revised standards and SFRS (I) Interpretations that are effective for annual period beginning on 1 January 2019. The adoption of these new and revised standards and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period except for the following:

**Adoption of SFRS(I) 16 Leases**

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right-of-use asset.

In compliance with SFRS(I) 16, the Group has applied the practical expedient to recognise the amount of right-of-use assets equal to the lease liabilities as at 1 January 2019. Accordingly, the Group recorded a right-of-use lease asset and a corresponding lease liability of \$14.6 million on the adoption of SFRS(I) 16.

**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	
	31 Mar 2019	31 Mar 2018
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	0.20 cents	1.00 cents
(b) On a fully diluted basis	0.20 cents	1.00 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 209,660,184 (31 March 2018 – 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 209,660,184 (31 March 2018 – 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	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	45.62 cents	45.46 cents	42.83 cents	42.89 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 31 March 2019

From 1 Feb 2019, the acquired Symphony companies in Malaysia were merged into the Malaysian Boardroom entities.

The Group's revenues for the three months ended 31 March 2019 ("1Q19") totaled \$22.3 million compared to previous corresponding quarter ended 31 March 2018 ("1Q18") of \$19 million. The \$3.3 million or equivalent to 17.3% increase was due to higher revenue of approximately \$3.9 million in constant currency terms, offset by a \$593,000 negative foreign exchange impact.

Other income increased to \$422,000 (1Q18: \$371,000) mainly due to higher interest income.

Total expenses (including financing costs and Depreciation & Amortisation) increased by \$5.0 million or 29.5%. In constant currency terms, our total expenses increased \$5.5 million or 32.7%, offset by \$534,000 or 3.1% favorable foreign currency exchange impact. Approximately \$3.6 million or 72.0% of the increase in total expenses was attributed to the enlarged Malaysian business including loan interest and client amortisation costs. The balance \$1.4 million variance is mainly due to higher staff costs and recruitment expense from Singapore and Australia.

Financing cost increase of \$630k is mainly driven by the new loan taken for the Malaysia acquisition.

Increase in Depreciation & Amortisation of \$1.0m is driven mainly by the adoption of SFRS(I) 16, whereby rental expenses amounting to \$650k have largely been reclassified as lease amortisation, with no real impact to profit before tax.

The Group's profit before tax for 1Q19 decreased by 66.0% to \$835,000 (1Q18: \$2.5 million) mainly due to increase in staff related costs (\$1.6 million) which was attributed to increased headcount as well as higher salaries to attract staff in the highly competitive labour markets we operate in. Income tax expenses for 1Q19 decreased by 20.1% to \$417,000 (1Q18: \$522,000) in tandem with the decrease in profit before tax.

The Group's net profit after tax of \$418,000 was 78.4% or \$1.5 million lower compared to 1Q18's \$1.9 million.

Other comprehensive loss of \$78,000 for 1Q19 (1Q18: \$1.8 million loss) arose mainly from the translation of financial statements of foreign subsidiaries.

### Statement of Financial Position

#### Non-current assets

The Group reported a higher non-current assets position of \$138.9 million as at 31 March 2019, compared to \$125.6 million as at 31 December 2018 mainly due to recognition of right-of-use lease assets upon adoption of SFRS(I) 16.

#### Net Current Assets Position of the Group

The Group reported a lower net current assets position of \$9.5 million as at 31 March 2019, compared to \$15.0 million as at 31 December 2018 mainly due to lower cash and bank balances and recognition of lease liabilities upon adoption of SFRS(I) 16.

#### Term Loan

Term loan balance reduced to \$46.4 million as at 31 March 2019 compared to \$48.3 million as at 31 December 2018, due to scheduled loan repayment.

## **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.**

General business trends indicate a greater degree of cautiousness since the beginning of 2019. Although there continues to be growth, this is at a slower pace. However, we are expanding our capabilities and taking advantage of this slow down to reach out to a broader market.

The IPO market has seen a significant slowdown given the global trade issues and market conditions remain sensitive to further developments. In spite of this, we continue to invest in technology and diversify our service offerings. Competition has always remained keen.

Financing and Depreciation & Amortisation costs have increased in line with our expansion and subsequent integration of all our businesses. We are mindful of the cost challenges faced by the business and will continue to drive productivity and regionalisation of our business activities.

The acquisition in Malaysia last year is going according to plan. Overall, we expect the 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 first quarter ended 31 March 2019 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**  
**7<sup>th</sup> May 2019**