



## BRC Asia Limited

Company Registration No. 193800054G  
(Incorporated in the Republic of Singapore)

### UNAUDITED RESULTS FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2019

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

##### 1(a) Consolidated Statement of Comprehensive Income for the Half Year and Second Quarter ended 31 March 2019

|  | 1st Half<br>2019<br>\$'000 | 1st Half<br>2018<br>\$'000 | + / (-)<br>% | 2nd Qtr<br>2019<br>\$'000 | 2nd Qtr<br>2018<br>\$'000 | + / (-)<br>% |
|--|----------------------------|----------------------------|--------------|---------------------------|---------------------------|--------------|
| Revenue  | 469,070                    | 209,124                    | 124%         | 231,097                   | 109,001                   | 112%         |
| Cost of sales  | (438,181)                  | (194,904)                  | 125%         | (217,055)                 | (101,914)                 | 113%         |
| Gross profit   | 30,889                     | 14,220                     | 117%         | 14,042                    | 7,087                     | 98%          |
| Other income [ note (a) ]  | 1,015                      | 240                        | 323%         | 317                       | 51                        | 522%         |
| Expenses   |                            |                            |              |                           |                           |              |
| - Distribution expenses  | (2,687)                    | (2,218)                    | 21%          | (1,160)                   | (1,056)                   | 10%          |
| - Administrative expenses  | (5,559)                    | (4,153)                    | 34%          | (1,933)                   | (2,598)                   | (26%)        |
| - Finance costs  | (5,517)                    | (1,462)                    | 277%         | (2,683)                   | (798)                     | 236%         |
| - Other operating expenses   | (3,413)                    | (2,412)                    | 42%          | (1,917)                   | (1,078)                   | 78%          |
| Share of results of associates                                     | (959)                      | (837)                      | 15%          | (282)                     | (768)                     | (63%)        |
| Share of results of joint venture                                  | 306                        | 198                        | 55%          | 108                       | 4                         | n.m          |
| Profit before tax from continuing operations [ note (b) ]          | 14,075                     | 3,576                      | 294%         | 6,492                     | 844                       | 669%         |
| Income tax expense   | (2,560)                    | (585)                      | 338%         | (1,136)                   | (183)                     | 521%         |
| Profit from continuing operations, net of tax                      | 11,515                     | 2,991                      | 285%         | 5,356                     | 661                       | 710%         |
| Profit from discontinued operation, net of tax [ note (c) ]        | -                          | 1,116                      | (100%)       | -                         | 613                       | (100%)       |
| Profit, net of tax   | 11,515                     | 4,107                      | 180%         | 5,356                     | 1,274                     | 320%         |
| Other comprehensive income:  |                            |                            |              |                           |                           |              |
| Items that may be reclassified subsequently to profit or loss      |                            |                            |              |                           |                           |              |
| - Net exchange (loss)/gain on net investment in foreign operations | (40)                       | (62)                       | (35%)        | 119                       | 4                         | n.m          |
| - Foreign currency translation of foreign operations               | 146                        | 789                        | (81%)        | 249                       | 546                       | (54%)        |
| Other comprehensive income for the financial period, net of tax    | 106                        | 727                        | (85%)        | 368                       | 550                       | (33%)        |
| Total comprehensive income for the financial period                | 11,621                     | 4,834                      | 140%         | 5,724                     | 1,824                     | 214%         |
| Profit, net of tax attributable to:                                |                            |                            |              |                           |                           |              |
| Owners of the Company:   |                            |                            |              |                           |                           |              |
| - Profit from continuing operations, net of tax                    | 11,515                     | 2,991                      | 285%         | 5,356                     | 661                       | 710%         |
| - Profit from discontinued operation, net of tax                   | -                          | 570                        | (100%)       | -                         | 313                       | (100%)       |
|  | 11,515                     | 3,561                      | 223%         | 5,356                     | 974                       | 450%         |
| Non-controlling interests:   |                            |                            |              |                           |                           |              |
| - Profit from discontinued operation, net of tax                   | -                          | 546                        | (100%)       | -                         | 300                       | (100%)       |
|  | -                          | 546                        | (100%)       | -                         | 300                       | (100%)       |
|  | 11,515                     | 4,107                      | 180%         | 5,356                     | 1,274                     | 320%         |
| Total comprehensive income attributable to:                        |                            |                            |              |                           |                           |              |
| Owners of the Company  | 11,621                     | 4,222                      | 175%         | 5,724                     | 1,471                     | 289%         |
| Non-controlling interests  | -                          | 612                        | (100%)       | -                         | 353                       | (100%)       |
|  | 11,621                     | 4,834                      | 140%         | 5,724                     | 1,824                     | 214%         |
| Total comprehensive income attributable to Owners of the Company:  |                            |                            |              |                           |                           |              |
| - Profit from continuing operations, net of tax                    | 11,621                     | 3,584                      | 224%         | 5,724                     | 1,089                     | 426%         |
| - Profit from discontinued operation, net of tax                   | -                          | 638                        | (100%)       | -                         | 382                       | (100%)       |
|  | 11,621                     | 4,222                      | 175%         | 5,724                     | 1,471                     | 289%         |

n.m. denotes not meaningful

|  | 1st Half<br>2019<br>\$'000 | 1st Half<br>2018<br>\$'000 | + / (-)<br>% | 2nd Qtr<br>2019<br>\$'000 | 2nd Qtr<br>2018<br>\$'000 | + / (-)<br>% |
|--|----------------------------|----------------------------|--------------|---------------------------|---------------------------|--------------|
| <b>Note (a) - Other income</b>   |                            |                            |              |                           |                           |              |
| Interest income  | 110                        | 111                        | (1%)         | 57                        | 66                        | (14%)        |
| Government grant   | 165                        | 107                        | 54%          | 111                       | 77                        | 44%          |
| Rental income  | 87                         | -                          | n.m          | 42                        | -                         | n.m          |
| Sundry income  | 65                         | 6                          | 983%         | 50                        | 5                         | 900%         |
| Gain on disposal of property, plant and equipment                          | -                          | 16                         | (100%)       | -                         | 16                        | (100%)       |
| Foreign exchange gain/(loss), net [1]                                      | 238                        | -                          | n.m          | (278)                     | (113)                     | 146%         |
| Gain/(loss) from fair value changes on currency forward contracts, net [2] | 334                        | -                          | n.m          | 334                       | -                         | n.m          |
| Bad debts recovered  | 16                         | -                          | n.m          | 1                         | -                         | n.m          |
|  | <b>1,015</b>               | <b>240</b>                 | <b>323%</b>  | <b>317</b>                | <b>51</b>                 | <b>522%</b>  |

**Note (b) - Profit before tax from continuing operations is arrived at after charging / (crediting) the following:**

|  |         |         |        |         |         |        |
|--|---------|---------|--------|---------|---------|--------|
| Interest expense on borrowings   | 5,517   | 1,462   | 277%   | 2,683   | 798     | 236%   |
| Depreciation of property, plant and equipment                              | 7,278   | 3,708   | 96%    | 3,647   | 1,862   | 96%    |
| Depreciation of investment properties                                      | 35      | -       | n.m    | 17      | -       | n.m    |
| Operating lease expense  | 5,947   | 2,476   | 140%   | 2,950   | 1,230   | 140%   |
| Foreign exchange (gain)/loss, net [1]                                      | (238)   | 806     | n.m    | 278     | 919     | (70%)  |
| (Gain)/loss from fair value changes on currency forward contracts, net [2] | (334)   | 109     | n.m    | (504)   | (539)   | (6%)   |
| Reversal of provision for onerous contracts [3]                            | (7,686) | (4,592) | 67%    | (2,220) | (1,041) | 113%   |
| Allowance for impairment of receivables, net                               | -       | 37      | (100%) | -       | 37      | (100%) |
| Allowance for / (reversal of) inventory obsolescence                       | 157     | (120)   | n.m.   | 157     | -       | n.m    |
| Loss on disposal of property, plant and equipment                          | 50      | (16)    | n.m    | 13      | (16)    | n.m.   |

**Note (c) - Profit from discontinued operation, net of tax**

The Company entered into a conditional sale and purchase agreement on 10 July 2018 to dispose of its 51% interest in Nuformsystem (M) Sdn Bhd ("Nuform Malaysia") and 10% interest in Nuform System Asia Pte Ltd ("Nuform Singapore") as part of the Group's strategy to strengthen its core business as well as the consolidation of resources to place the Group in a better position for growth. The disposal of Nuform Singapore and Nuform Malaysia was completed on 31 July 2018 and 16 August 2018 respectively.

Profit from discontinued operation, net of tax in 1H18 was S\$1.1 million and 2Q18 was S\$0.6 million, contributed solely from Nuform Malaysia. For 1H18, it comprised profit, net of tax to owners of the Company for S\$0.6 million and non-controlling interests for S\$0.5 million. For 2Q18, it comprised profit, net of tax to owners of the Company and non-controlling interests for S\$0.3 million each respectively.

**Comments on Group Profit and Loss**

- [1] The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollar, Malaysian Ringgit and Euro.
- [2] Currency forward contracts are mostly used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in US Dollar. As the Group did not adopt hedge accounting under SFRS(I) 9, changes to fair value of foreign currency forward contracts are recognised immediately in the statement of comprehensive income.
- [3] Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are released when the contractual obligations are met or when the costs to meet the obligations no longer exceed the sales value.

**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**

|   | <u>The Group</u> |                  | <u>The Company</u> |                  |
|---|------------------|------------------|--------------------|------------------|
|   | <u>March</u>     | <u>September</u> | <u>March</u>       | <u>September</u> |
|   | <u>2019</u>      | <u>2018</u>      | <u>2019</u>        | <u>2018</u>      |
|   | <u>\$'000</u>    | <u>\$'000</u>    | <u>\$'000</u>      | <u>\$'000</u>    |
| <b>Non-current assets</b>                           |                  |                  |                    |                  |
| Property, plant and equipment                       | 142,958          | 148,978          | 56,866             | 60,042           |
| Investment properties                               | 2,436            | 2,471            | -                  | -                |
| Investment in subsidiaries                          | -                | -                | 225,559            | 225,559          |
| Interest in joint venture                           | 12,607           | 12,116           | 6,076              | 6,076            |
| Interest in associates                              | 14,124           | 11,477           | 17,093             | 13,505           |
| Available-for-sale financial assets                 | 109              | 109              | 109                | 109              |
|   | <b>172,234</b>   | <b>175,151</b>   | <b>305,703</b>     | <b>305,291</b>   |
| <b>Current assets</b>                               |                  |                  |                    |                  |
| Inventories   | 252,090          | 270,249          | 129,138            | 158,032          |
| Trade and other receivables                         | 184,644          | 180,725          | 93,678             | 79,857           |
| Amount due from subsidiaries                        | -                | -                | 9,155              | 8,414            |
| Prepayments   | 7,622            | 4,526            | 7,115              | 4,025            |
| Deposits  | 316              | 300              | 131                | 131              |
| Derivative financial instruments                    | 9                | -                | 174                | -                |
| Assets held for sale                                | 28,118           | 26,711           | -                  | -                |
| Cash and cash equivalents                           | 39,826           | 41,080           | 15,042             | 15,591           |
|   | <b>512,625</b>   | <b>523,591</b>   | <b>254,433</b>     | <b>266,050</b>   |
| <b>Total assets</b>                                 | <b>684,859</b>   | <b>698,742</b>   | <b>560,136</b>     | <b>571,341</b>   |
| <b>Current liabilities</b>                          |                  |                  |                    |                  |
| Trade and other payables                            | 66,327           | 58,959           | 37,396             | 46,768           |
| Amount due to subsidiaries                          | -                | -                | 57,472             | 14,611           |
| Advances received                                   | 5,212            | 3,178            | 4,376              | 2,449            |
| Loans and borrowings                                | 273,537          | 255,838          | 96,711             | 140,691          |
| Provisions  | 12,379           | 20,066           | 3,422              | 4,998            |
| Derivative financial instruments                    | -                | 325              | -                  | 239              |
| Current income tax liabilities                      | 6,661            | 5,115            | 2,397              | 2,665            |
|   | <b>364,116</b>   | <b>343,481</b>   | <b>201,774</b>     | <b>212,421</b>   |
| <b>Non-current liabilities</b>                      |                  |                  |                    |                  |
| Provisions  | 244              | 244              | 244                | 244              |
| Loans and borrowings                                | 2,102            | 82,265           | 602                | 79,948           |
| Deferred tax liabilities                            | 12,430           | 12,616           | 7,258              | 7,258            |
| Amount due to subsidiaries                          | -                | -                | 20,000             | -                |
| Loan from immediate holding company                 | 59,643           | 23,100           | 59,643             | 23,100           |
|   | <b>74,419</b>    | <b>118,225</b>   | <b>87,747</b>      | <b>110,550</b>   |
| <b>Total liabilities</b>                            | <b>438,535</b>   | <b>461,706</b>   | <b>289,521</b>     | <b>322,971</b>   |
| <b>Net assets</b>                                   | <b>246,324</b>   | <b>237,036</b>   | <b>270,615</b>     | <b>248,370</b>   |
| <b>Equity attributable to owners of the Company</b> |                  |                  |                    |                  |
| Share capital                                       | 125,001          | 125,001          | 125,001            | 125,001          |
| Treasury shares                                     | (1,105)          | (1,105)          | (1,105)            | (1,105)          |
| Capital reserve                                     | 597              | 597              | 597                | 597              |
| Fair value reserve                                  | (51)             | (51)             | (51)               | (51)             |
| Foreign currency translation reserve                | (2,658)          | (2,764)          | -                  | -                |
| Retained earnings                                   | 124,540          | 115,358          | 146,173            | 123,928          |
| <b>Total equity</b>                                 | <b>246,324</b>   | <b>237,036</b>   | <b>270,615</b>     | <b>248,370</b>   |
| <b>Total equity and liabilities</b>                 | <b>684,859</b>   | <b>698,742</b>   | <b>560,136</b>     | <b>571,341</b>   |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

|                           | 31 MARCH 2019     |                     | 30 September 2018 |                     |
|---------------------------|-------------------|---------------------|-------------------|---------------------|
|                           | Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| Bills payable             | 175,182           | 96,574              | 113,205           | 140,556             |
| Finance lease liabilities | 1,781             | -                   | 2,077             | -                   |
|                           | <u>176,963</u>    | <u>96,574</u>       | <u>115,282</u>    | <u>140,556</u>      |

**Amount repayable after one year**

|                                     | 31 MARCH 2019     |                     | 30 September 2018 |                     |
|-------------------------------------|-------------------|---------------------|-------------------|---------------------|
|                                     | Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| Finance lease liabilities           | 2,102             | -                   | 2,954             | -                   |
| Loan from immediate holding company | -                 | 59,643              | -                 | 23,100              |
| Bank loan                           | -                 | -                   | 79,311            | -                   |
|                                     | <u>2,102</u>      | <u>59,643</u>       | <u>82,265</u>     | <u>23,100</u>       |

**Details of any collateral**

Finance lease liabilities of S\$3.9 million (2018: S\$5.0 million) are secured by certain motor vehicles and certain plant and machinery. The carrying amount of motor vehicles and plant and machinery held under finance leases were S\$2.4 million (2018: S\$2.8 million) and S\$4.1 million (2018: S\$7.1 million) respectively.

Bills payable are secured by the corporate guarantees given by the Company and certain subsidiaries to banks, a deed of charge and assignment of inventories and floating charge over trade receivables.

Bank loan was secured by the shares of Lee Metal Group Pte Ltd.

**1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

|   | <b>1st Half</b> | 1st Half | <b>2nd Qtr</b>   | 2nd Qtr  |
|---|-----------------|----------|------------------|----------|
|   | <b>2019</b>     | 2018     | <b>2019</b>      | 2018     |
|   | <b>\$'000</b>   | \$'000   | <b>\$'000</b>    | \$'000   |
| <b>OPERATING ACTIVITIES</b>   |                 |          |                  |          |
| Profit before tax from continuing operations                          | <b>14,075</b>   | 3,576    | <b>6,492</b>     | 844      |
| Profit before tax from discontinued operation                         | -               | 1,133    | -                | 630      |
|   | <b>14,075</b>   | 4,709    | <b>6,492</b>     | 1,474    |
| Adjustments for :   |                 |          |                  |          |
| Share of results of joint venture                                     | <b>(306)</b>    | (198)    | <b>(108)</b>     | (4)      |
| Share of results of associates  | <b>959</b>      | 837      | <b>282</b>       | 768      |
| Depreciation of investment properties                                 | <b>35</b>       | -        | <b>17</b>        | -        |
| Depreciation of property, plant and equipment                         | <b>7,278</b>    | 4,695    | <b>3,647</b>     | 2,533    |
| Allowance for/(reversal of) inventory obsolescence                    | <b>157</b>      | (120)    | <b>157</b>       | -        |
| Allowance for impairment of receivables, net                          | -               | 37       | -                | 37       |
| Fair value changes on derivatives, net                                | <b>(334)</b>    | 109      | <b>(504)</b>     | (539)    |
| Loss / (gain) on disposal of property, plant and equipment            | <b>50</b>       | (16)     | <b>13</b>        | (16)     |
| Reversal of provision for onerous contracts                           | <b>(7,686)</b>  | (4,592)  | <b>(2,220)</b>   | (1,041)  |
| Unrealised exchange differences                                       | <b>41</b>       | 736      | <b>242</b>       | 757      |
| Interest expense  | <b>5,517</b>    | 1,462    | <b>2,683</b>     | 798      |
| Interest income   | <b>(110)</b>    | (111)    | <b>(57)</b>      | (66)     |
| <b>Operating cash flow before working capital changes</b>             | <b>19,676</b>   | 7,548    | <b>10,644</b>    | 4,701    |
| Changes in working capital:   |                 |          |                  |          |
| Trade and other receivables   | <b>(3,919)</b>  | (17,820) | <b>16,996</b>    | (7,613)  |
| Inventories   | <b>18,002</b>   | 25,862   | <b>71,166</b>    | 35,132   |
| Prepayments and deposits  | <b>(3,112)</b>  | 627      | <b>2,411</b>     | 707      |
| Development costs for assets held for sale                            | <b>(1,407)</b>  | -        | <b>(845)</b>     | -        |
| Trade and other payables  | <b>9,139</b>    | (20,422) | <b>1,819</b>     | (8,554)  |
| <b>Cash flows generated from / (used in) operations</b>               | <b>38,379</b>   | (4,205)  | <b>102,191</b>   | 24,373   |
| Income tax paid   | <b>(1,200)</b>  | (1,364)  | <b>(1,530)</b>   | (1,381)  |
| Retirement benefits paid  | -               | (162)    | -                | -        |
| <b>Net cash flows generated from / (used in) operating activities</b> | <b>37,179</b>   | (5,731)  | <b>100,661</b>   | 22,992   |
| <b>INVESTING ACTIVITIES</b>   |                 |          |                  |          |
| Purchases of property, plant and equipment                            | <b>(1,435)</b>  | (28,587) | <b>(510)</b>     | (23,966) |
| Proceeds from disposal of property, plant and equipment               | <b>127</b>      | 16       | -                | 16       |
| Capital contribution from non-controlling interest of a subsidiary    | -               | 840      | -                | -        |
| Interest received   | <b>110</b>      | 111      | <b>57</b>        | 66       |
| Loan to associate company   | <b>(3,672)</b>  | (2,214)  | <b>(3,672)</b>   | -        |
| <b>Net cash flows used in investing activities</b>                    | <b>(4,870)</b>  | (29,834) | <b>(4,125)</b>   | (23,884) |
| <b>FINANCING ACTIVITIES</b>   |                 |          |                  |          |
| Repayment of finance lease liabilities                                | <b>(1,148)</b>  | (1,246)  | <b>(419)</b>     | (631)    |
| Net (repayment of)/proceeds from bank borrowings                      | <b>(61,316)</b> | 39,321   | <b>(114,387)</b> | (14,050) |
| Proceeds from issuance of shares                                      | -               | 46,990   | -                | 46,990   |
| Proceeds from loan from immediate holding company                     | <b>36,543</b>   | 23,100   | <b>36,543</b>    | 23,100   |
| Dividends paid  | <b>(2,333)</b>  | -        | <b>(2,333)</b>   | -        |
| Interest paid   | <b>(5,254)</b>  | (1,320)  | <b>(2,783)</b>   | (656)    |
| <b>Net cash flows (used in)/generated from financing activities</b>   | <b>(33,508)</b> | 106,845  | <b>(83,379)</b>  | 54,753   |
| Net (decrease) / increase in cash and cash equivalents                | <b>(1,199)</b>  | 71,280   | <b>13,157</b>    | 53,861   |
| Cash and cash equivalents at beginning of financial period            | <b>41,080</b>   | 23,989   | <b>26,744</b>    | 41,376   |
| Effects of exchange rate changes on cash and cash equivalents         | <b>(55)</b>     | (100)    | <b>(75)</b>      | (68)     |
| Cash and cash equivalents at end of financial period                  | <b>39,826</b>   | 95,169   | <b>39,826</b>    | 95,169   |
| <b>Cash and cash equivalents</b>                                      |                 |          |                  |          |
| Continuing operations   | <b>39,826</b>   | 95,085   | <b>39,826</b>    | 95,085   |
| Discontinued operation  | -               | 84       | -                | 84       |
|   | <b>39,826</b>   | 95,169   | <b>39,826</b>    | 95,169   |

**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**

**Statement of Changes in Equity – Group**

|   | Attributable to Owners of the Company |                 |                 |                    |                      |                                      |                   | Total   | Non-controlling interest | Total equity |
|---|---------------------------------------|-----------------|-----------------|--------------------|----------------------|--------------------------------------|-------------------|---------|--------------------------|--------------|
|   | Share capital                         | Treasury shares | Capital reserve | Fair value reserve | Share option reserve | Foreign currency translation reserve | Retained earnings |         |                          |              |
|   | \$'000                                | \$'000          | \$'000          | \$'000             | \$'000               | \$'000                               | \$'000            | \$'000  | \$'000                   | \$'000       |
| Balance at 1 October 2017   | 68,011                                | (1,105)         | 597             | (46)               | 885                  | (3,315)                              | 102,728           | 167,755 | 422                      | 168,177      |
| Profit, net of tax  | -                                     | -               | -               | -                  | -                    | -                                    | 3,561             | 3,561   | 546                      | 4,107        |
| Other comprehensive income for the financial period   | -                                     | -               | -               | -                  | -                    | 661                                  | -                 | 661     | 66                       | 727          |
| Total comprehensive income for the financial period   | -                                     | -               | -               | -                  | -                    | 661                                  | 3,561             | 4,222   | 612                      | 4,834        |
| Conversion of bonds   | 6,700                                 | -               | -               | -                  | -                    | -                                    | -                 | 6,700   | -                        | 6,700        |
| Issuance of shares  | 46,990                                | -               | -               | -                  | -                    | -                                    | -                 | 46,990  | -                        | 46,990       |
| Capital contribution from non-controlling interest  | -                                     | -               | -               | -                  | -                    | -                                    | -                 | -       | 840                      | 840          |
| Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners | 53,690                                | -               | -               | -                  | -                    | -                                    | -                 | 53,690  | 840                      | 54,530       |
| Employee share options cancelled  | -                                     | -               | -               | -                  | (885)                | -                                    | 885               | -       | -                        | -            |
| Balance at 31 March 2018  | 121,701                               | (1,105)         | 597             | (46)               | -                    | (2,654)                              | 107,174           | 225,667 | 1,874                    | 227,541      |
| Balance at 1 October 2018   | 125,001                               | (1,105)         | 597             | (51)               | -                    | (2,764)                              | 115,358           | 237,036 | -                        | 237,036      |
| Profit, net of tax  | -                                     | -               | -               | -                  | -                    | -                                    | 11,515            | 11,515  | -                        | 11,515       |
| Other comprehensive income for the financial period   | -                                     | -               | -               | -                  | -                    | 106                                  | -                 | 106     | -                        | 106          |
| Total comprehensive income for the financial period   | -                                     | -               | -               | -                  | -                    | 106                                  | 11,515            | 11,621  | -                        | 11,621       |
| Cash dividends on ordinary shares   | -                                     | -               | -               | -                  | -                    | -                                    | (2,333)           | (2,333) | -                        | (2,333)      |
| Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners | -                                     | -               | -               | -                  | -                    | -                                    | (2,333)           | (2,333) | -                        | (2,333)      |
| Balance at 31 March 2019  | 125,001                               | (1,105)         | 597             | (51)               | -                    | (2,658)                              | 124,540           | 246,324 | -                        | 246,324      |

## Statement of Changes in Equity - Company

|  | Share capital<br>\$'000 | Treasury<br>shares<br>\$'000 | Capital reserve<br>\$'000 | Fair value reserve<br>\$'000 | Share option reserve<br>\$'000 | Retained earnings<br>\$'000 | Total equity<br>\$'000 |
|--|-------------------------|------------------------------|---------------------------|------------------------------|--------------------------------|-----------------------------|------------------------|
| Balance at 1 October 2017                                  | 68,011                  | (1,105)                      | 597                       | (46)                         | 885                            | 104,875                     | 173,217                |
| Profit, net of tax   | -                       | -                            | -                         | -                            | -                              | 2,850                       | 2,850                  |
| Total comprehensive income for the financial period        | -                       | -                            | -                         | -                            | -                              | 2,850                       | 2,850                  |
| Conversion of bonds  | 6,700                   | -                            | -                         | -                            | -                              | -                           | 6,700                  |
| Issuance of shares   | 46,990                  | -                            | -                         | -                            | -                              | -                           | 46,990                 |
| Total contributions by and distributions to owners         | 53,690                  | -                            | -                         | -                            | -                              | -                           | 53,690                 |
| Employee share options cancelled                           | -                       | -                            | -                         | -                            | (885)                          | 885                         | -                      |
| Balance at 31 March 2018                                   | 121,701                 | (1,105)                      | 597                       | (46)                         | -                              | 108,610                     | 229,757                |
| <b>Balance at 1 October 2018</b>                           | <b>125,001</b>          | <b>(1,105)</b>               | <b>597</b>                | <b>(51)</b>                  | <b>-</b>                       | <b>123,928</b>              | <b>248,370</b>         |
| <b>Profit, net of tax</b>                                  | <b>-</b>                | <b>-</b>                     | <b>-</b>                  | <b>-</b>                     | <b>-</b>                       | <b>24,578</b>               | <b>24,578</b>          |
| <b>Total comprehensive income for the financial period</b> | <b>-</b>                | <b>-</b>                     | <b>-</b>                  | <b>-</b>                     | <b>-</b>                       | <b>24,578</b>               | <b>24,578</b>          |
| Cash dividends on ordinary shares                          | -                       | -                            | -                         | -                            | -                              | (2,333)                     | (2,333)                |
| Total contributions by and distributions to owners         | -                       | -                            | -                         | -                            | -                              | (2,333)                     | (2,333)                |
| <b>Balance at 31 March 2019</b>                            | <b>125,001</b>          | <b>(1,105)</b>               | <b>597</b>                | <b>(51)</b>                  | <b>-</b>                       | <b>146,173</b>              | <b>270,615</b>         |

**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 end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

|   | <u>Number of issued share capital<br/>(excluding treasury shares)</u> | <u>Treasury shares</u> |
|---|---|------------------------|
| <b>As at 1 January 2019 and 31 March 2019</b> | <b>233,335,089</b>  | <b>1,626,600</b>       |

**Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.70%**

|  | <u>Number of issued share capital<br/>(excluding treasury shares)</u> | <u>Treasury shares</u> |
|--|---|------------------------|
| As at 1 January 2018                         | 189,835,089   | 1,626,600              |
| Issuance of shares under conversion of bonds | 3,200,000   | -                      |
| Issuance of shares under placement shares    | 37,000,000  | -                      |
| As at 31 March 2018                          | <u>230,035,089</u>  | <u>1,626,600</u>       |

Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.71%

### Conversion of bonds

The Company issued five-year S\$10,000,000 redeemable convertible bonds on 16 May 2014. Proceeds from the issue were used to pay off part of the Company's trust receipts.

The bonds were convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every S\$1.00 (2018: S\$1.00) of Bonds held.

The bonds bore interest at a fixed rate of 5% per annum and was payable on a half-yearly basis on 30 June and 31 December each year.

During last financial period, the Company issued and allotted 6,700,000 ordinary new shares in relation to conversion of S\$6,700,000 of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014. These shares had been listed and quoted on the Singapore Exchange Securities Trading Limited accordingly.

As at 31 March 2018, there were 3,300,000 convertible bonds which had not been converted to ordinary shares. The bonds were fully converted into ordinary share in the capital of the Company on 21 June 2018.

### Placement shares

On 7 January 2018, the Company entered into a placement agreement with 15 investors pursuant to which the Placees agreed to subscribe for, and the Company agreed to issue and allot, 37,000,000 new ordinary shares in the capital of the Company. The placement was completed and shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 6 February 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 the end of the immediately preceding year**

|                               |                      |                   |
|-------------------------------|----------------------|-------------------|
|                               | <b>31 March 2019</b> | 30 September 2018 |
| Total number of issued shares | <b>233,335,089</b>   | 233,335,089       |

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

|                           |                      |                   |
|---------------------------|----------------------|-------------------|
|                           | <b>31 March 2019</b> | 30 September 2018 |
| Number of treasury shares | <b>1,626,600</b>     | 1,626,600         |

Treasury shares

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during current financial period.

**2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard**

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recently audited annual financial statements for the financial year ended 30 September 2018.

**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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), since 1 October 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 has not elected any optional exemption on the first-time adoption of SFRS(I)s. There is no significant impact to the Group's opening balance sheet as at 1 October 2017 on the date of transition to SFRS(I)s.

In addition, during the current financial period, the Group and the Company have adopted the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 October 2018.

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

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

**Earnings per ordinary share from continuing operations (cents)**

| The Group  | <b>1st Half 2019</b> | 1st Half 2018 | <b>2nd Qtr 2019</b> | 2nd Qtr 2018 |
|--|----------------------|---------------|---------------------|--------------|
| - Basic  | <b>4.93</b>          | 1.49          | <b>2.30</b>         | 0.31         |
| - Diluted basis  | <b>4.93</b>          | 1.49          | <b>2.30</b>         | 0.31         |
| Weighted average number of shares for basic earnings per share   | <b>233,335,089</b>   | 200,228,496   | <b>233,335,089</b>  | 214,275,089  |
| Weighted average number of shares for diluted earnings per share | <b>233,335,089</b>   | 200,228,496   | <b>233,335,089</b>  | 214,275,089  |



### Earnings per ordinary share (cents)

| The Group  | 1st Half 2019 | 1st Half 2018 | 2nd Qtr 2019 | 2nd Qtr 2018 |
|--|---------------|---------------|--------------|--------------|
| - Basic  | 4.93          | 1.78          | 2.30         | 0.45         |
| - Diluted basis  | 4.93          | 1.78          | 2.30         | 0.45         |
| Weighted average number of shares for basic earnings per share   | 233,335,089   | 200,228,496   | 233,335,089  | 214,275,089  |
| Weighted average number of shares for diluted earnings per share | 233,335,089   | 200,228,496   | 233,335,089  | 214,275,089  |

**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 period reported on and (b) immediately preceding financial year**

### Net asset value per ordinary share (cents)

|             | March 2019 | September 2018 |
|-------------|------------|----------------|
| The Group * | 105.57     | 101.59         |
| The Company | 115.98     | 106.44         |

\* Based on the Group's net asset value (excluding non-controlling interest), divided by total number of issued shares excluding treasury share as at end of financial period/year.

Net asset value per ordinary share was calculated based on 233,335,089 shares as at 31 March 2019 and 30 September 2018 respectively.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### Consolidated Statement of Comprehensive Income

Following the completion of the compulsory acquisition of 100% of the total issued and paid-up capital of Lee Metal Group Ltd ("Lee Metal") on 26 July 2018, the Group has now included 100% of Lee Metal's financial results in its Consolidated Statement of Comprehensive Income for the 1st half ("1H19") and 2nd quarter of 2019 ("2Q19"). In contrast, Lee Metal's results for the 1st half ("1H18") and 2nd quarter ("2Q18") of 2018 were not consolidated in the Group's results for the corresponding period in the previous financial year.

#### Revenue

Group's revenue for 1H19 and 2Q19 increased significantly to S\$469.1 million and S\$231.1 million respectively, up by 124% and 112% from S\$209.1 million in 1H18 and S\$109.0 million in 2Q18. These were attributable to higher volume of value-added sales tonnage delivered which Lee Metal had also contributed in part as well as increase in selling prices arising from higher steel costs.

#### Gross profit margin and gross profit

Group's gross profit as a percentage of revenue for 1H19 and 2Q19 remained relatively stable at 6.6% and 6.1% respectively, compared to 1H18 of 6.8% and 2Q18 of 6.5%.

Group's gross profit for 2Q19 and 1H19 increased respectively by 98% to S\$14.0 million from S\$7.1 million in 2Q18 and 117% to S\$30.9 million from S\$14.2 million in 1H18, mainly due to the increase in the amount of steel delivered following the contribution by Lee Metal.

Group expenses have increased in line with the inclusion of Lee Metal's expenses for 1H19 and 2Q19.

#### Other income

Other income for 2Q19 and 1H19 increased by S\$0.2 million and S\$0.8 million respectively. For 2Q19, the increase was mainly due to a net gain from fair value changes on currency forward contracts of S\$0.3 million but partially offset by a net foreign exchange loss of S\$0.2 million. For 1H19, the increase was mainly caused by net gain from fair value changes on currency forward contracts of S\$0.3 million and foreign exchange gain of S\$0.2 million.

#### Distribution expenses

Distribution expenses for 2Q19 and 1H19 increased respectively by 10% and 21%, up to S\$1.2 million from S\$1.1 million in 2Q18 and S\$2.7 million from S\$2.2 million in 1H18. The higher expenses incurred were mainly due to a higher volume of steel delivered.

#### Administrative expenses

2Q19 administrative expenses was lower by 26% to S\$1.9 million from S\$2.6 million in 2Q18 mainly due to one-off legal and professional fees incurred in relation to the acquisition of Lee Metal in 2Q18. However, total administrative expenses incurred in 1H19 increased by 34% to S\$5.6 million from S\$4.2 million in 1H18 mainly due to inclusion of expenses incurred by Lee Metal.

#### Finance costs

Finance costs for 2Q19 and 1H19 increased respectively by 236% to S\$2.7 million from S\$0.8 million in 2Q18 and 277% to S\$5.5 million from S\$1.5 million in 1H18 because of loan and borrowings to fund the acquisition of Lee Metal as well as to finance more raw material purchases for the enlarged Group. Also, interest rates have risen as compared to a year ago.

#### Other operating expenses

Other operating expenses for 2Q19 and 1H19 have increased respectively by 78% to S\$1.9 million from S\$1.1 million in 2Q18 and 42% to S\$3.4 million from S\$2.4 million in 1H18, mainly as a result of inclusion of expenses incurred by Lee Metal.

#### Share of results of associates

Share of losses of associates for 2Q19 decreased by 63% to S\$0.3 million from S\$0.8 million in 2Q18 whilst that of 1H19 increased by 15% to S\$1.0 million from S\$0.8 million in 1H18. These were mainly attributable to share of losses from the 17% equity interest in Pristine Islands Investment Pte Ltd, an investment holding company with 100% interest in a subsidiary which operates and manages an airport, hotel and resort in the Maldives. While the construction of the hotel was completed and had been in operation since September 2017, the resort is still under construction.

#### Share of results of joint venture

The Group's share of profit from the investment in the joint venture in China for 2Q19 and 1H19 increased respectively by S\$0.1 million compared to the corresponding period in the prior year.

#### Profit, net of tax

The higher revenue generated from sales order book of Lee Metal, coupled with better buying power for bulk purchase of raw material, has contributed to higher Group's profit, net of tax. 2Q19 and 1H19 Group's profit, net of tax improved respectively by 320% to S\$5.4 million from S\$1.3 million in 2Q18 and by 180% to S\$11.5 million from S\$4.1 million in 1H18.

### **Statement of Financial Position for the Group**

As at 31 March 2019, the Group's balance sheet remained strong with net assets of S\$246.3 million and net asset value per ordinary share of 105.57 Singapore cents.

The Group's prepayments increased by S\$3.1 million mainly due to prepayments for purchase of steel.

The Group's trade and other payables increased by S\$7.4 million mainly due to accrual for goods in transit.

The Group's advances received increased by S\$2.0 million mainly due to more advance payments received from customers.

The Group's bank loans and borrowings decreased significantly by S\$62.5 million due to repayment of loans which were partly funded by the immediate holding company.

The Group's provisions decreased by S\$7.7 million due to reversal of provision for onerous contracts.

The Group's loan from immediate holding company increased by S\$36.5 million due to additional loan from holding company.

### **Statement of Cash Flow for the Group**

Net cash flows generated from operating activities during 1H19 was S\$37.2 million compared to net cash flows used in operating activities of S\$5.7 million in 1H18. 2Q19 net cash flows generated from operating activities increased by S\$77.7 million to \$100.7 million from S\$23.0 million in 2Q18. These were mainly due to decrease in inventories and higher profits.

Net cash flows used in investing activities for 1H19 decreased by S\$25.0 million, from S\$29.8 million in 1H18 to S\$4.8 million. 2Q19 net cash flows used in investing activities decreased by S\$19.8 million, to S\$4.1 million from S\$23.9 million in 2Q18. These were mainly due to reduction in purchase of property, plant and equipment.

1H19 net cash flows used in financing activities was S\$33.5 million compared to net cash flow generated from financing activities of S\$106.8 million in 1H18. 2Q19 net cash flows used in financing activities was S\$83.4 million compared to net cash flows generated from financing activities of S\$54.8 million in 2Q18. These were largely due to repayment of bank borrowings and absence of proceeds from placement shares during the current financial year.

With net cash flows used in financing activities of S\$33.5 million, cash and cash equivalents as at 31 March 2019 was S\$39.8 million, down from S\$95.2 million as at 31 March 2018.

9

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

The Group's results for 1st Half and 2nd Quarter ended 31 March 2019 were in line with the commentary in paragraph 10 of the previous Results Announcement.

## A commentary at the date of the announcement of the 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

In its latest World Economic Outlook report of April 2019, the International Monetary Fund (IMF) cut its forecasts for world economic growth in 2019 to 3.3% from 3.5% in January and 3.7% last October, citing a decline of business confidence, a tightening of financial conditions, higher policy uncertainty across many economies and the trade tensions and tariff hikes between China and the US.

The Singapore Government expects that the Singapore economy will expand at a slower pace of just below 2.5% in 2019 as well, compared to 3.2% in 2018 and 3.9% in 2017, mainly due to a weaker external economic environment. On the domestic front, the Monetary Authority of Singapore (MAS), writing in “Recent Economic Developments in Singapore” published on 8 March 2019<sup>1</sup>, noted that “Some improvements was seen in the selected segments of the domestic-oriented cluster, although overall it remained lacklustre.” For the construction sector, the MAS pointed out that it had contracted by 1.0% in Q4, a more gradual pace of decline compared to the -2.3% recorded in Q3, and that construction output (nominal certified payments) had increased by 0.8% in Q4, the first expansion after nine consecutive quarters of contraction. The following table shows the supply in the “planned development” pipeline over the last 16 quarters (1st quarter 2015 to 4th quarter 2018) for private residences, executive condominiums (ECs), offices, retail, hotel and industrial properties.

### Supply in the Pipeline – “Planned Development”<sup>2</sup>

| Property type \ As at end                | 4Q18   | 3Q18   | 2Q18   | 1Q18   | 4Q17   | 3Q17  | 2Q17  | 1Q17  |
|--|--------|--------|--------|--------|--------|-------|-------|-------|
| Private residential units (no. of units) | 23,775 | 21,813 | 18,188 | 15,444 | 12,555 | 8,117 | 5,632 | 4,325 |
| Executive condominiums (no. of units)    | 820    | 820    | 0      | 0      | 0      | 0     | 0     | 0     |
| Office space ('000 sq m)                 | 100    | 168    | 151    | 155    | 96     | 222   | 239   | 222   |
| Retail space ('000 sq m)                 | 75     | 60     | 65     | 81     | 60     | 57    | 64    | 49    |
| Hotel rooms (no. of rooms)               | 902    | 770    | 769    | 878    | 742    | 742   | 742   | 765   |
| Factory & warehouse space ('000 sq m)    | 1,513  | 1,818  | 1,594  | 1,454  | 1,243  | 1,285 | 774   | 1,052 |

| Property type \ As at end                | 4Q16  | 3Q16  | 2Q16  | 1Q16  | 4Q15  | 3Q15  | 2Q15  | 1Q15  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Private residential units (no. of units) | 6,399 | 4,819 | 6,148 | 6,697 | 7,158 | 5,569 | 6,531 | 9,096 |
| Executive condominiums (no. of units)    | 0     | 531   | 0     | 510   | 0     | 0     | 632   | 1,651 |
| Office space ('000 sq m)                 | 169   | 157   | 226   | 184   | 278   | 167   | 193   | 134   |
| Retail space ('000 sq m)                 | 113   | 98    | 108   | 133   | 198   | 188   | 171   | 173   |
| Hotel rooms (no. of rooms)               | 655   | 349   | 348   | 348   | 802   | 1,061 | 1,450 | 2,172 |
| Factory & warehouse space ('000 sq m)    | 919   | 1,283 | 1,403 | 1,495 | 1,446 | 1,559 | 1,736 | 1,984 |

As pointed out previously, construction demand had bottomed out in 2017 and continues to show growth. With the exception of private residences, which was boosted by a surge of successful collective sales in 2017 and early 2018, the other segments are still some way off their pre-2016 peaks.

However, the recent announcement in early April 2019 by the integrated resorts operators that they are looking to invest an additional \$9 billion in Singapore - including a fourth tower at Marina Bay Sands, a 15,000-seat entertainment arena, 2,000 more hotel rooms and a bigger Universal Studios Singapore theme park - should provide a boost for construction demand in the coming few years.

Furthermore, this growth in construction demand will be anchored by large mega projects in the transport sector for the foreseeable future, which, according to one report<sup>3</sup>, meant that the real growth for Singapore’s construction industry could be an average of 3.3% from 2019 to 2028. These projects include the planned 21.5km North-South Corridor Expressway, the 43km Thomson East-Coast MRT Line, the 1000-hectare Changi Airport Terminal 5 and the Tuas Mega Port, which is expected to be the largest container terminal in the world when completed in 2040.

Meanwhile, the pipeline for new public residential housing remains muted. The Housing & Development Board (HDB) expects to launch 15,000 new Build-To-Order (BTO) flats in 2019, only the third time in the last nine years that such launches had fallen below 17,000 units per year.

Against this backdrop, we have been experiencing an improving demand landscape for reinforcing steel, which, when coupled with the rolling completion of projects that were taken during the construction industry downturn over the last couple of years, point to healthier profitability for the Group in Singapore going forward. As at 31 March 2019, our order book stood at about three-quarters of a billion Singapore dollars. The duration of the projects in the sale order book may be up to 5 years.

<sup>1</sup> <http://www.mas.gov.sg/~media/MAS/Monetary%20Policy%20and%20Economics/The%20Singapore%20Economy/RED/Recent%20Economic%20Developments%20in%20Singapore%2008%20Mar%202019.pdf>

<sup>2</sup> Refers to new development and redevelopment projects with planning approvals (i.e. Provisional Permission, Written Permission). A Written Permission (WP) is a final approval, as compared with a Provisional Permission (PP), granted under the Planning Act for a proposed development.

<sup>3</sup> <https://www.fitchsolutions.com/infrastructure-project-finance/transport-megaprojects-support-singapores-construction-industry-01-02-2019>.

**11 Dividend****(a) Current Financial Period Reported On**

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Nil

**(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 is declared for the quarter ended 31 March 2019.

The Group aims to pay out at least 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items, for FY2019 and FY2020, and intends to pay a final dividend of no less than 5 cents for FY2019. Please refer to the announcement on dividend policy.

**13 Interested person transactions**

| Name of interested person and nature of transaction | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) |               |                     |              | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |               |                     |              |
|---|--|---------------|---------------------|--------------|--|---------------|---------------------|--------------|
|   | <b>1st Half 2019</b>   | 1st Half 2018 | <b>2nd Qtr 2019</b> | 2nd Qtr 2018 | <b>1st Half 2019</b>   | 1st Half 2018 | <b>2nd Qtr 2019</b> | 2nd Qtr 2018 |
|   | <b>\$'000</b>  | \$'000        | <b>\$'000</b>       | \$'000       | <b>\$'000</b>  | \$'000        | <b>\$'000</b>       | \$'000       |
| Esteel Enterprise Pte Ltd - Loan facility interest  | 692  | 117           | <b>430</b>          | 117          | <b>Nil</b>   | Nil           | <b>Nil</b>          | Nil          |

The loans from Esteel Enterprise Pte Ltd are unsecured and comprise a S\$23.1 million loan denominated in Singapore Dollar and a S\$36.5 million loan denominated in United States Dollar that bear interest at fixed annual rates of 4.5% and 5.0% respectively.

The group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

**14 Confirmation pursuant to Rule 705(5) of the SGX Listing Manual**

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of 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 unaudited financial results for the half year and second quarter ended 31 March 2019 to be false or misleading in any material aspects.

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

Xu Jiguo  
Executive Director

Seah Kiin Peng  
Executive Director

Singapore  
13 May 2019