



BRC Asia Limited

Unaudited Half-Year and Second Quarter Financial Statement and Related Announcement for the Period Ended 31 March 2018

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 2018

	1st Half 2018 \$'000	1st Half 2017 \$'000	+ / (-) %	2nd Qtr 2018 \$'000	2nd Qtr 2017 \$'000	+ / (-) %
Revenue	211,242	148,851	42	110,347	68,832	60
Cost of sales	(196,113)	(136,812)	43	(102,769)	(62,055)	66
Gross profit	15,129	12,039	26	7,578	6,777	12
Other income [note (a)]	240	288	(17)	(286)	(1,462)	(80)
Expenses						
- Distribution expenses	(2,218)	(1,963)	13	(1,056)	(934)	13
- Administrative expenses	(4,596)	(3,407)	35	(2,789)	(1,349)	n.m.
- Finance costs	(1,462)	(809)	81	(798)	(382)	n.m.
- Other operating expenses	(1,745)	(2,629)	(34)	(411)	(1,506)	(73)
Share of results of joint venture	198	(445)	n.m.	4	(518)	n.m.
Share of results of associate	(837)	-	n.m.	(768)	-	n.m.
Profit before tax [note (b)]	4,709	3,074	53	1,474	626	n.m.
Income tax expense	(602)	(1,085)	(45)	(200)	(519)	(61)
Profit net of tax	4,107	1,989	n.m.	1,274	107	n.m.
Items that may be reclassified subsequently to profit or loss						
- Net exchange (loss) / gain on net investment in foreign operations	(62)	(524)	(88)	4	(244)	n.m.
- Foreign currency translation: Exchange differences on translation of foreign operations	789	(425)	n.m.	546	(401)	n.m.
Other comprehensive income for the financial period, net of tax	727	(949)	n.m.	550	(645)	n.m.
Total comprehensive income for the financial period	4,834	1,040	n.m.	1,824	(538)	n.m.
Profit / (loss) net of tax attributable to:						
Owners of the company	3,561	2,111	69	974	212	n.m.
Non-controlling interests	546	(122)	n.m.	300	(105)	n.m.
	4,107	1,989	n.m.	1,274	107	n.m.
Total comprehensive income attributable to:						
Owners of the company	4,222	1,159	n.m.	1,470	(437)	n.m.
Non-controlling interests	612	(119)	n.m.	354	(101)	n.m.
	4,834	1,040	n.m.	1,824	(538)	n.m.

n.m. denotes not meaningful.

	1st Half	1 st Half	+/(-)	2nd Qtr	2 nd Qtr	+/(-)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
Note (a) - Other income						
Interest income	111	79	41	66	50	32
Sundry income	6	69	(91)	5	67	(93)
Government grant	107	139	(23)	77	105	(27)
Gain on disposal of property, plant and equipment	16	1	n.m.	16	–	n.m.
Foreign exchange gain / (loss), net [1]	–	–	n.m.	(450)	(1,684)	(73)
	240	288	(17)	(286)	(1,462)	(80)

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

Interest expense on loans and borrowings	1,462	809	81	798	382	n.m.
Depreciation of property, plant and equipment	4,695	3,555	32	2,533	1,074	n.m.
Operating leases expense	2,532	2,291	11	1,263	840	50
Loss / (gain) from fair value changes on currency forward contracts, net [2]	109	969	(89)	(539)	601	n.m.
Foreign exchange loss, net [1]	139	202	(31)	589	1,886	(69)
Allowance for impairment of trade receivables, net	37	16	n.m.	37	7	n.m.
(Reversal of provision) / provision for onerous contracts [3]	(4,592)	7,016	n.m.	(1,041)	2,574	n.m.
Reversal of allowance for inventory obsolescence	(120)	(1,100)	(89)	–	(245)	n.m.
Gain on disposal of property, plant and equipment	(16)	(1)	n.m.	(16)	–	n.m.

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 Dollars and Malaysian Ringgit.
- [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 Dollars. As the Group does not adopt hedge accounting under FRS 39, 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>	
	March 2018 \$'000	September 2017 \$'000	March 2018 \$'000	September 2017 \$'000
Non-current assets				
Property, plant and equipment	113,028	89,136	63,049	65,942
Investment in subsidiaries	–	–	27,245	26,371
Interest in joint venture	12,142	11,650	6,076	6,076
Interest in associate	7,897	6,714	10,812	8,807
Available-for-sale financial assets	1,614	1,614	1,614	1,614
Loan to investee company	1,500	1,500	1,500	1,500
	<u>136,181</u>	<u>110,614</u>	<u>110,296</u>	<u>110,310</u>
Current assets				
Inventories	85,691	111,433	76,787	103,376
Trade and other receivables	93,299	75,516	81,379	65,637
Amount due from subsidiaries	–	–	21,113	19,850
Prepayments	377	1,022	315	259
Deposits	273	255	230	235
Cash and cash equivalents	95,169	23,989	86,791	19,673
	<u>274,809</u>	<u>212,215</u>	<u>266,615</u>	<u>209,030</u>
Total assets	<u>410,990</u>	<u>322,829</u>	<u>376,911</u>	<u>319,340</u>
Current liabilities				
Trade and other payables	48,531	69,049	17,061	60,961
Amount due to a subsidiary	–	–	67	70
Advances received	681	443	2	161
Loans and borrowings	90,472	52,376	86,389	52,376
Provisions	7,084	11,667	6,967	11,438
Derivative financial instruments	453	344	453	344
Current income tax liabilities	2,046	2,808	2,046	2,808
	<u>149,267</u>	<u>136,687</u>	<u>112,985</u>	<u>128,158</u>
Non-current liabilities				
Provisions	246	408	246	408
Loans and borrowings	27,151	10,772	27,138	10,772
Deferred tax liabilities	6,785	6,785	6,785	6,785
	<u>34,182</u>	<u>17,965</u>	<u>34,169</u>	<u>17,965</u>
Total liabilities	<u>183,449</u>	<u>154,652</u>	<u>147,154</u>	<u>146,123</u>
Net assets	<u>227,541</u>	<u>168,177</u>	<u>229,757</u>	<u>173,217</u>
Equity attributable to owners of the Company				
Share capital	121,701	68,011	121,701	68,011
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(46)	(46)	(46)	(46)
Share option reserve	–	885	–	885
Foreign currency translation reserve	(2,654)	(3,315)	–	–
Retained earnings	107,174	102,728	108,610	104,875
Equity attributable to owners of the Company	<u>225,667</u>	<u>167,755</u>	<u>229,757</u>	<u>173,217</u>
Non-controlling interests	1,874	422	–	–
Total equity	<u>227,541</u>	<u>168,177</u>	<u>229,757</u>	<u>173,217</u>
Total equity and liabilities	<u>410,990</u>	<u>322,829</u>	<u>376,911</u>	<u>319,340</u>

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

Amount repayable in one year or less, or on demand

	March 2018		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	–	90,333	–	51,012
Finance lease liabilities	139	–	1,364	–
	139	90,333	1,364	51,012

Amount repayable after one year

	March 2018		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	751	–	772	–
Loan from immediate holding company	–	23,100	–	–
Convertible bonds	–	3,300	–	10,000
	751	26,400	772	10,000

Details of any collateral

Finance lease liabilities of S\$0.9 million (2017: S\$2.1 million) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases is S\$1.0 million (2017: S\$8.3 million) at the balance sheet date.

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

	1st Half 2018 \$'000	1 st Half 2017 \$'000	2nd Qtr 2018 \$'000	2 nd Qtr 2017 \$'000
Operating activities				
Profit before tax	4,709	3,074	1,474	626
Adjustments for:				
Reversal of inventory obsolescence	(120)	(1,100)	–	(245)
Depreciation of property, plant and equipment	4,695	3,555	2,533	1,074
Gain on disposal of property, plant and equipment	(16)	(1)	(16)	–
Allowance for impairment of trade receivables	37	16	37	7
(Reversal of provision) / provision for onerous contracts	(4,592)	7,016	(1,041)	2,574
Provision for retirement benefits	–	–	–	16
Interest expense	1,462	809	798	382
Interest income	(111)	(79)	(66)	(50)
Fair value changes on derivatives	109	969	(539)	601
Share of results of joint venture	(198)	445	(4)	518
Share of results of associate	837	–	768	–
Unrealised exchange differences	736	(841)	757	(329)
Operating cash flow before working capital changes	7,548	13,863	4,701	5,174
Change in working capital				
Trade and other receivables	(17,820)	7,891	(7,613)	2,092
Inventories	25,862	(32,288)	35,132	(59,134)
Prepayments and deposits	627	(1,944)	707	(2,308)
Trade and other payables	(20,422)	4,412	(8,554)	26,476
Cash flows (used in) / from operations	(4,205)	(8,066)	24,373	(27,700)
Retirement benefits paid	(162)	(35)	–	(35)
Income tax paid	(1,364)	(301)	(1,381)	(299)
Net cash flows (used in) / from operating activities	(5,731)	(8,402)	22,992	(28,034)
Investing activities				
Purchase of property, plant and equipment	(28,587)	(4,844)	(23,966)	(952)
Additions to available-for-sale financial assets	–	(1,500)	–	(1,500)
Proceeds from disposal of property, plant and equipment	16	–	16	–
Loan to an associate	(2,214)	–	–	–
Loan to investee companies	–	(3,960)	–	(3,960)
Capital contribution from non-controlling interest of a subsidiary	840	–	–	–
Interest received	111	79	66	50
Net cash flows used in investing activities	(29,834)	(10,225)	(23,884)	(6,362)
Financing activities				
Repayment of finance lease liabilities	(1,246)	(1,273)	(631)	(638)
Proceeds from / (repayment of) bills payable, net	39,321	25,061	(14,050)	39,087
Purchase of treasury shares	–	(61)	–	–
Dividends paid on ordinary shares	–	(4,472)	–	(4,472)
Proceeds from issuance of shares	46,990	–	46,990	–
Proceeds from loan from immediate holding company	23,100	–	23,100	–
Interest paid	(1,320)	(809)	(656)	(382)
Net cash flows from financing activities	106,845	18,446	54,753	33,595
Net increase / (decrease) in cash and cash equivalents	71,280	(181)	53,861	(801)
Cash and cash equivalents at beginning of financial period	23,989	11,938	41,376	12,584
Effects of exchange rate changes on cash and cash equivalents	(100)	1	(68)	(25)
Cash and cash equivalents at end of financial period	95,169	11,758	95,169	11,758

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

	Share capital	Treasury shares	Attributable to Owners of Parent			Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
			Capital reserve	Fair value reserve	Share option reserve					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	(2,692)	105,833	171,607	5	171,612
Profit net of tax	–	–	–	–	–	–	2,111	2,111	(122)	1,989
Other comprehensive income for the financial period	–	–	–	–	–	(952)	–	(952)	3	(949)
Total comprehensive income for the financial period	–	–	–	–	–	(952)	2,111	1,159	(119)	1,040
Cash dividends on ordinary shares	–	–	–	–	–	–	(4,472)	(4,472)	–	(4,472)
Purchase of treasury shares	–	(61)	–	–	–	–	–	(61)	–	(61)
Total contributions by and distribution to owners	–	(61)	–	–	–	–	(4,472)	(4,533)	–	(4,533)
Balance at 31 March 2017	68,011	(1,105)	597	(72)	974	(3,644)	103,472	168,233	(114)	168,119
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 distribution to 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

Statement of changes in Equity – Company

	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Capital reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share option reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total equity</u> \$'000
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	108,356	176,822
Profit net of tax	–	–	–	–	–	5,306	5,306
Total comprehensive income for the financial period	–	–	–	–	–	5,306	5,306
Cash dividends on ordinary shares	–	–	–	–	–	(4,472)	(4,472)
Purchase of treasury shares	–	(61)	–	–	–	–	(61)
Total contributions by and distribution to owners	–	(61)	–	–	–	(4,472)	(4,533)
Balance at 31 March 2017	68,011	(1,105)	597	(72)	974	109,190	177,595
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 distribution 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

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 also 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.

Number of issued shares (excluding treasury shares)

	2018	2017
As at 1 January	189,835,089	186,335,089
Issuance of shares	40,200,000	—
As at 31 March	<u>230,035,089</u>	<u>186,335,089</u>

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.

In addition, during the current financial period, the Company issued and allotted 3,200,000 ordinary new shares in relation to conversion of S\$3,200,000 of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014.

Number of treasury shares

	2018	2017
As at 31 March	<u>1,626,600</u>	<u>1,626,600</u>
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.71%	0.87%

Number of share options

	2018	2017
As at 1 January	—	5,546,600
Surrendered for cancellation	—	—
As at 31 March	<u>—</u>	<u>5,546,600</u>

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Estee Enterprise Pte. Ltd. (the "Offeror") to acquire all issued ordinary shares in the capital of the Company, the Offeror made a proposal ("Options Proposal") to the holders of the share options to pay to them a cash amount in consideration of them agreeing not to exercise any options into new shares and not to exercise any of their rights as option holders. During the previous period reported on, all outstanding options have been surrendered for cancellation as the holders of all outstanding options have accepted the Options Proposal.

<u>Convertible Bonds</u>	2018	2017
As at 1 January	6,500,000	10,000,000
Converted to ordinary shares	<u>(3,200,000)</u>	<u>–</u>
As at 31 March	<u>3,300,000</u>	<u>10,000,000</u>
Percentage of number of convertible bonds against the total number of issued shares excluding treasury shares	1.43%	5.37%

The Company issued S\$10,000,000 redeemable convertible bonds on 16 May 2014 which were due five years from the issue date of the bonds. The total proceeds of S\$10,000,000 had been used to pay off part of the Company's trust receipts.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every S\$1.00 (2017: S\$1.00) of Bonds held.

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

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

	31 March 2018	30 September 2017
Total number of issued shares	<u>230,035,089</u>	<u>186,335,089</u>

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

<u>Number of treasury shares</u>	
As at 1 January 2018	1,626,600
Purchases	<u>–</u>
As at 31 March 2018	<u>1,626,600</u>

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 year and the most recent audited annual financial statements for the financial year ended 30 September 2017.

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 the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 1 October 2017.

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 (cents)

The Group	1st Half 2018	1 st Half 2017	2nd Qtr 2018	2 nd Qtr 2017
- Basic	1.778	1.132	0.454	0.114
- Diluted basis	1.778	1.132	0.454	0.114
Weighted average number of shares for basic earnings per share	200,228,496	186,413,631	214,275,089	186,335,089
Weighted average number of shares for diluted earnings per share	200,228,496	186,413,631	214,275,089	186,335,089

Earnings per ordinary share were calculated based on weighted average number of shares during the period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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)

	31 March 2018	30 September 2017
The Group	98.10	90.03
The Company	99.88	92.96

Net asset value per ordinary share was calculated based on 230,035,089 shares as at 31 March 2018 and 186,335,089 shares as at 30 September 2017.

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**

GROUP INCOME STATEMENT

Revenue

Revenue for the first half of the current financial year (1H18) and current quarter (2Q18) increased approximately 42% from S\$148.9 million to S\$211.2 million and 60% from S\$68.8 million to S\$110.3 million compared to corresponding first half (1H17) and second quarter (2Q17) in the previous financial year due to higher delivery volume as well as unit selling prices.

Gross profit and gross profit margin

While 1H18 gross profit margin as a percentage of sales declined to 7.2% from 8.1% in 1H17, gross profit increased 26% to S\$15.1 million in 1H18 from S\$12.0 million in 1H17 as a result of significantly higher revenue.

Similarly, gross profit increased 12% to S\$7.6 million in 2Q18 from S\$6.8 million in 2Q17 even though gross profit margin decreased to 6.9% in 2Q18 from 9.8% in 2Q17.

Intense industry competition arising from excess production capacities continued to put pressure on profit margins.

Distribution and administrative expenses

Higher distribution expenses were due to increased personnel-related costs incurred in overseas ventures in 1H18 as compared to the corresponding period in last financial year.

The increase in administrative expenses in 1H18 was mainly attributable to higher legal and professional fees in relation to the voluntary conditional cash offer (“VGO”) to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd. Additional information on the VGO can be found on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

Finance costs

Increase in finance costs was mainly attributable to higher trade bills, at rising interest rates, to fund costlier steel purchases as a result of increasing steel prices.

Other operating expenses

Other operating expenses decreased by S\$0.9 million to \$1.7 million in 1H18 from S\$2.6 million in 1H17. The decrease was mainly due to a net loss of S\$0.2 million in 1H18 derived from net foreign exchange loss and fair value loss on currency forward contracts, as compared to a loss of S\$1.2 million in 1H17.

As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in profit and loss.

Share of results of joint venture

The Group’s share of results from the interest in the joint venture in China (“JV”) improved to S\$0.2 million in 1H18 as compared to a loss of S\$0.5 million in 1H17.

Share of results of associate

The Group's share of losses of associate was in relation to the interest in Pristine Islands Investment Pte. Ltd. (PII), an investment holding company with 100% interest in a subsidiary which operates and manages an airport, hotel and resort in Maldives. The construction of the hotel was completed and the hotel has commenced operations since September 2017. The construction of the resort is still in progress.

GROUP BALANCE SHEET & CASH FLOW

As at 31 March 2018, the Group's balance sheet remained strong with net assets of S\$227.5 million and net asset value per ordinary share of 98.10 Singapore cents.

The Group's property, plant and equipment increased by S\$23.9 million to S\$113.0 million mainly due to the purchase of formwork equipment during the period.

The Group's trade and other receivables increased by S\$17.8 million to S\$93.3 million, in tandem with the higher sales in 2Q18 as compared to the last quarter of 2017.

The Group's inventories decreased by S\$25.7 million to S\$85.7 million due to lower inventory levels.

Prepayments were mainly related to advance payments for purchase of machinery.

The higher Group's cash and cash equivalents was mainly attributable to proceeds of S\$70.1 million from issuance of new shares and loan from immediate holding company, earmarked for the VGO.

The Group's trade and other payables decreased by S\$20.5 million to S\$48.5 million mainly due to lesser unpaid shipments-in-transit for imported raw materials by the Company, offset by unpaid purchases of formwork equipment by a foreign subsidiary.

Decrease in provisions was mainly related to provisions for certain sales contracts for which the costs to meet the obligations were expected to exceed the economic benefits to be received under them.

The Group's loan and borrowings were higher by S\$54.5 million mainly due to higher trade bills as well as loan of S\$23.1 million from immediate holding company.

Net operating cash outflow of S\$5.7 million in 1H18 was largely attributable to working capital changes. Net cash used in investing activities was mainly for purchases of plant and equipment of S\$28.6 million and loan to an associate of S\$2.2 million. Net cash inflows from financing activities were largely proceeds from bills payable of S\$39.3 million, proceeds from issuance of new shares of S\$47.0 million and loan from immediate holding company of S\$23.1 million.

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 1H18 and 2Q18 were in line with the commentary in paragraph 10 of the previous Results Announcement.

10. 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

SINGAPORE

For the purpose of this section, there has been only one significant event since BRC Asia Limited's ("BRC") previous results announcement on 8 February 2018. On 21 February 2018, BRC announced that it would be embarking on a full acquisition of another major reinforcing steel player in Singapore – Lee Metal Group Ltd ("LMG") – subject to, *inter alia*, the clearance of the Competition Commission of Singapore (or "CCS", which was renamed as the Competition and Consumer Commission of Singapore or "CCCS" on 1 April 2018). On 26 April 2018, the CCCS formally cleared the aforesaid acquisition, paving the way for BRC to take over LMG going forward. In clearing the said acquisition, the CCCS said that, "*At the end of the consultation process and after a holistic evaluation of the submissions, feedback and evidence, CCCS concluded that, on balance, the Proposed Transaction, if carried into effect, will not lead to a substantial lessening of competition within the relevant markets in Singapore.*" More information on the above-mentioned deal can be found at the websites of the Singapore Stock Exchange (www.sgx.com) and the CCCS (www.cccs.gov.sg).

Other than the above, the conditions in the local market remained largely unchanged from the commentary given in paragraph 10 of BRC's previous results announcement, which could be summarised as follows: while the multi-year decline in construction demand may have bottomed out, the improvements in construction demand will only translate into more work for the reinforcing steel industry in 12 to 18 months. In the meantime, we will continue to fulfill the work that we have taken during the construction sector downturn of the last few years. We can therefore expect profit margins, in particular, to remain rather challenging.

11. Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date payable

Nil

(d) Books closure date

Nil

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

No dividend has been declared or recommended for the financial period ended 31 March 2018.

13. Interested person transactions

The group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual of the Singapore Exchange Securities Trading Limited.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter and first half ended 31 March 2018 to be false or misleading.

15. Confirmation that the issuer has procured undertakings for 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

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
10 May 2018