



Financial Statement for the financial year ended 31 December 2017

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

1(a)(i) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Year ended 31 December		
	2017 S\$'000	2016 S\$'000	Change %
Revenue	172,129	276,762	(37.8)
Cost of sales	(145,719)	(263,365)	(44.7)
Gross profit	26,410	13,397	97.1
Other operating income	2,782	3,556	(21.8)
Other expense	(145)	(233)	(37.8)
Administrative costs	(9,496)	(8,019)	18.4
Other operating costs	(21,438)	(15,453)	38.7
Finance costs	(1,009)	(448)	125.2
Share of results of joint ventures	2,918	1,062	174.8
Share of results of associates	6,328	9,408	(32.7)
Profit before taxation	6,350	3,270	94.2
Income tax credit/(expense)	479	(1,351)	N.M
Profit for the year	6,829	1,919	255.9
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)	357	(477)	N.M
Other comprehensive income for the year	357	(477)	N.M
Total comprehensive income for the year	7,186	1,442	398.3
Profit attributable to:			
Equity holders of the Company	7,088	1,129	527.8
Non-controlling interests	(259)	790	N.M
	6,829	1,919	255.9
Total comprehensive income attributable to:			
Equity holders of the Company	7,450	734	915.0
Non-controlling interests	(264)	708	N.M
	7,186	1,442	398.3

N.M. - Not meaningful

1(a)(ii) Notes to income statement

The following items of charges/(credits) have been included in arriving at profit for the period:

	Year ended 31 December		
	2017 S\$'000	2016 S\$'000	Change %
Depreciation of property, plant and equipment	6,353	5,661	12.2
Amortisation of deferred income	(159)	(93)	71.0
Gain on disposal of property, plant and equipment (net)	(151)	(123)	22.8
Bad debt written off	4	-	N.M
Allowance/(write-back of allowance) for doubtful receivables (net)	593	(209)	(383.7)
Allowance for inventory obsolescence	560	718	(22.0)
Impairment loss on property, plant and equipment (Note 1)	622	368	69.0
Impairment loss on goodwill (Note 1)	300	-	N.M
Interest expense	1,009	448	125.2
Interest income	(1,107)	(1,285)	(13.9)
Interest arising from the discount implicit in non-current trade receivables	8	(68)	(111.8)
Foreign exchange loss	33	252	(86.9)
Fair value loss/(gain) on derivatives	112	(19)	(689.5)
Overprovision of income tax in respect of previous years (Note 2)	(3,398)	(27)	N.M

N.M - Not meaningful

Note 1:

Due to the challenging business outlook for the construction industry, the Group had provided for impairment losses on property, plant and equipment and goodwill as follows:

- (i) property, plant and equipment of S\$622,000 of BBR Piling Pte Ltd based on cash flow projection taken into consideration their expected utilisation rate; and
- (ii) goodwill arising from the acquisition of Moderna Homes Pte Ltd totalling S\$300,000.

Note 2:

Overprovision of income tax in respect of previous years arose as a subsidiary utilised group relief granted by IRAS by utilising tax losses and capital allowances of other subsidiaries.

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.

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	38,816	42,979	18,247	18,641
Intangible assets	119	419	-	-
Investments in subsidiaries	-	-	60,197	54,898
Investments in associates	16,145	10,162	260	260
Investment in joint ventures	2,003	-	-	-
Deferred tax assets	-	424	-	-
Trade receivables	6,073	7,355	-	-
Loans to an associate	-	20,136	-	-
Loans to a joint venture	24,537	20,525	-	-
Current assets				
Amounts due from subsidiaries	-	-	5,608	3,547
Development property	104,705	-	-	-
Properties held for sale	1,057	9,463	-	-
Gross amount due from customers for work-in-progress	5,898	6,118	-	-
Inventories	6,093	7,343	-	-
Trade receivables	48,015	55,866	-	-
Loans to an associate	13,490	-	-	-
Other receivables	6,273	2,458	170	876
Pledged deposits	4,962	4,657	-	-
Cash and cash equivalents	30,435	58,730	1,559	1,047
	220,928	144,635	7,337	5,470
Current liabilities				
Amounts due to subsidiaries	-	-	4,546	4,947
Gross amount due to customers for work-in-progress	14,843	33,635	-	-
Trade and other payables	42,179	44,372	231	307
Deferred income	159	159	-	-
Other liabilities	4,209	2,142	1,163	547
Loans and borrowings	1,607	3,201	396	443
Income tax payables	1,079	4,890	6	193
	64,076	88,399	6,342	6,437
Net current assets/(liabilities)	156,852	56,236	995	(967)
Non-current liabilities				
Trade and other payables	18,723	5,699	-	-
Deferred income	2,774	2,933	-	-
Deferred tax liabilities	308	239	-	-
Loans and borrowings	84,152	14,710	9,729	10,123
	138,588	134,655	69,970	62,709
Equity attributable to equity holders of the Company				
Share capital	49,082	43,967	49,082	43,967
Treasury shares	(566)	(69)	(566)	(69)
Retained earnings	91,932	89,578	21,454	18,811
Foreign currency translation reserve	(2,290)	(2,652)	-	-
	138,158	130,824	69,970	62,709
Non-controlling interests	430	3,831	-	-
Total equity	138,588	134,655	69,970	62,709

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

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$1,500,000	-	S\$1,701,000	S\$1,500,000

Amount repayable after one year

As at 31/12/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$84,066,000	-	S\$14,710,000	-

Details of any collateral

The secured borrowings repayable within one year and after one year comprise mainly obligations under finance leases, banker's acceptances and property loans. These are secured by charges over land and building, plant and equipment, motor vehicles and fixed deposits.

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

	Year ended 31 December	
	2017 S\$'000	2016 S\$'000
Cash flows from operating activities		
Profit before taxation	6,350	3,270
Adjustments for:		
Depreciation of property, plant and equipment	6,353	5,661
Amortisation of deferred income	(159)	(93)
Bad debt written-off	4	-
Allowance/(write-back of allowance) for doubtful receivables (net)	593	(209)
Impairment loss on property, plant and equipment	622	368
Impairment loss on goodwill	300	-
Disposal of an associate	-	15
Interest income	(1,107)	(1,285)
Interest expense	1,009	448
Fair value loss/(gain) on derivatives	112	(19)
Allowance for inventory obsolescence	560	718
Gain on disposal of property, plant and equipment (net)	(151)	(123)
Share of results of a joint ventures	(2,918)	(1,062)
Share of results of associates	(6,328)	(9,408)
Interest arising from the discount implicit in non-current trade receivables	8	(68)
Operating cash flows before working capital changes	5,248	(1,787)
Increase in development property	(104,705)	-
Decrease/(increase) in properties held for sale	8,428	(1,102)
(Decrease)/Increase in amount due to customers for work-in-progress (net)	(18,677)	29,418
Decrease in trade receivables	8,788	58,202
(Increase)/decrease in other receivables	(3,779)	927
Decrease in inventories	722	2,062
Decrease in trade and other payables	(4,539)	(38,681)
Increase in deferred income	-	2,944
Increase/(decrease) in other liabilities	2,648	(124)
Cash (used in)/from operations	(105,866)	51,859
Interest paid	(1,009)	(596)
Interest received	592	810
Income tax paid	(2,838)	(1,415)
Net cash (used in)/from operating activities	(109,121)	50,658
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note A)	(2,758)	(4,846)
Proceeds from disposal of property, plant and equipment	169	267
Distribution of profits from a joint venture	470	772
Net cash outflow on acquisition of non-controlling interests	-	(899)
Net cash inflow on acquisition of a subsidiary (Note B)	-	27
Net cash used in investing activities	(2,119)	(4,679)

1(c) Consolidated statement of cash flows (continued)

	Year ended 31 December	
	2017 S\$'000	2016 S\$'000
Cash flows from financing activities		
Dividends paid on ordinary shares to equity holders of the Company	(1,848)	(1,232)
Dividends paid to non-controlling interests of a subsidiary	(1,806)	-
Purchase of treasury shares	(497)	-
Repayment of bank borrowings, net	(1,500)	(3,942)
Proceeds from long term borrowings	71,050	5,257
Repayment of long term borrowings	(1,545)	(7,119)
Repayment of finance leases	(161)	(1,028)
Loans to an associate	-	(560)
Repayment of loans from an associate	7,000	-
Loans to a joint venture	(3,497)	(2,690)
(Increase)/decrease in pledged deposits	(225)	554
Loans from non-controlling interests	15,276	-
Capital contribution from non-controlling interests	898	-
Net cash from/(used in) financing activities	83,145	(10,760)
Net (decrease)/increase in cash and cash equivalents	(28,095)	35,219
Effect of exchange rate changes on cash and cash equivalents	48	(383)
Cash and cash equivalents at beginning of the year	58,482	23,646
Cash and cash equivalents at end of the year	30,435	58,482
<u>Comprising:</u>		
Cash and bank balances	23,359	18,005
Fixed deposits	12,038	45,382
	35,397	63,387
Less: Pledged fixed deposits	(4,962)	(4,657)
Statement of financial position - cash and cash equivalents	30,435	58,730
Less: Maintenance funds from owners of Bliss@Kovan received on behalf of property managing agent	-	(248)
	30,435	58,482

Note A

The Group acquired property, plant and equipment through the following arrangements:

	Year ended 31 December	
	2017 S\$'000	2016 S\$'000
Total cost of property, plant and equipment acquired	2,758	4,951
Less: Acquisition costs satisfied by finance lease arrangements	-	-
Interest cost paid	-	(105)
Cash payments	2,758	4,846

Note B

Net cash inflow on acquisition of a subsidiary:

	Year ended 31 December	
	2017 S\$'000	2016 S\$'000
Cash & cash equivalents	-	55
Purchase consideration settled in cash	-	(28)
Net cash inflow	-	27

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

Group

	Attributable to equity holders of the Company						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	
Balance at 1 January 2017	43,967	(69)	89,578	(2,652)	130,824	3,831	134,655
<u>Total comprehensive income</u>							
Profit for the year	-	-	7,088	-	7,088	(259)	6,829
Other comprehensive income for the year	-	-	-	362	362	(5)	357
Total comprehensive income for the year	-	-	7,088	362	7,450	(264)	7,186
<u>Contributions by and distribution to owners</u>							
Issuance of new ordinary shares	5,115	-	-	-	5,115	-	5,115
Purchase of treasury shares	-	(497)	-	-	(497)	-	(497)
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,848)	-	(1,848)	-	(1,848)
Total transactions with owners in their capacity as owners	5,115	(497)	(1,848)	-	2,770	-	2,770
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control	-	-	(2,886)	-	(2,886)	(2,229)	(5,115)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	(1,806)	(1,806)
Capital contribution from non-controlling interests	-	-	-	-	-	898	898
Total changes in ownership interest in subsidiaries	-	-	(2,886)	-	(2,886)	(3,137)	(6,023)
Balance at 31 December 2017	49,082	(566)	91,932	(2,290)	138,158	430	138,588
Balance at 1 January 2016	43,967	(69)	91,167	(2,257)	132,808	2,536	135,344
<u>Total comprehensive income</u>							
Profit for the year	-	-	1,129	-	1,129	790	1,919
Other comprehensive income for the year	-	-	-	(395)	(395)	(82)	(477)
Total comprehensive income for the year	-	-	1,129	(395)	734	708	1,442
<u>Contributions by and distribution to owners</u>							
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,232)	-	(1,232)	-	(1,232)
Total transactions with owners in their capacity as owners	-	-	(1,232)	-	(1,232)	-	(1,232)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control	-	-	(1,486)	-	(1,486)	587	(899)
Total changes in ownership interest in subsidiaries	-	-	(1,486)	-	(1,486)	587	(899)
Balance at 31 December 2016	43,967	(69)	89,578	(2,652)	130,824	3,831	134,655

1(d)(i) Statement of changes in equity (continued)

Company

	Attributable to equity holders of the Company			Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	
Balance at 1 January 2017	43,967	(69)	18,811	62,709
<u>Total comprehensive income</u>				
Profit for the year	-	-	4,491	4,491
Total comprehensive income for the year	-	-	4,491	4,491
<u>Contributions by and distribution to owners</u>				
Issuance of new ordinary shares	5,115	-	-	5,115
Purchase of treasury shares	-	(497)	-	(497)
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,848)	(1,848)
Total transactions with owners in their capacity as owners	5,115	(497)	(1,848)	2,770
Balance as at 31 December 2017	49,082	(566)	21,454	69,970
Balance at 1 January 2016	43,967	(69)	19,895	63,793
<u>Total comprehensive income</u>				
Profit for the year	-	-	148	148
Total comprehensive income for the year	-	-	148	148
<u>Contributions by and distribution to owners</u>				
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,232)	(1,232)
Total transactions with owners in their capacity as owners	-	-	(1,232)	(1,232)
Balance as at 31 December 2016	43,967	(69)	18,811	62,709

- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.**

Share capital

During 2Q2017, the Company issued 16,500,000 ordinary shares at \$0.31 per share to satisfy its payment for the purchase consideration in relation to the acquisition of the remaining 20% interest in its subsidiary, BBR Construction Systems (M) Sdn. Bhd. As at 31 December 2017, the issued share capital of the Company was \$49,082,199 (31 December 2016: \$43,967,199) comprising 322,388,218 ordinary shares (excluding 2,322,200 treasury shares).

Treasury shares

During 4Q2017, the Company acquired 914,800 (4Q2016: Nil) ordinary shares of the Company by way of market purchases on the Singapore Exchange which are held as treasury shares. The number of treasury shares held as at 31 December 2017 was 2,322,200 (as at 31 December 2016: 211,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2017	211,000	69
Purchased in 2Q2017	170,000	36
Purchased in 3Q2017	1,026,400	234
Purchased in 4Q2017	914,800	227
At 31 December 2017	<u>2,322,200</u>	<u>566</u>

Employee performance share plan

As at 31 December 2017 and 2016, there were no performance shares granted and outstanding to eligible employees under the BBR Share Plan.

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

The total number of issued shares excluding treasury shares as at 31 December 2017 was 322,388,218 (31 December 2016: 307,999,418). The total number of treasury shares held as at 31 December 2017 was 2,322,200 (31 December 2016: 211,000).

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

Movement of treasury shares during the financial year ended 31 December 2017 is as follows:

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2017	211,000	69
Purchased in 2Q2017	170,000	36
Purchased in 3Q2017	1,026,400	234
Purchased in 4Q2017	914,800	227
At 31 December 2017	<u>2,322,200</u>	<u>566</u>

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

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors report (including any qualifications or emphasis of matters).

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those adopted in the most recently audited financial statements for the financial year ended 31 December 2016.

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.

There are no changes in accounting policies and methods of computation.

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

	Financial year ended 31 December	
	<u>2017</u>	<u>2016</u>
	Cents	Cents
Earnings per ordinary share of the Group attributable to shareholders		
(a) Based on the weighted average number of ordinary shares in issue	2.23	0.37
(b) On a fully diluted basis (detailing any adjustment made to earnings)	2.23	0.37

Weighted average number of shares of 317,818,460 (31 December 2016: 307,999,418) for basic and diluted earnings per share computation takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

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

	Group		Company	
	<u>31.12.17</u>	<u>31.12.16</u>	<u>31.12.17</u>	<u>31.12.16</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued capital at the end of the year	42.85	42.48	21.76	20.36

Net asset value per ordinary share is calculated based on the issued share capital (excluding treasury shares) of 322,388,218 ordinary shares as at 31 December 2017 (31 December 2016: 307,999,418).

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

Income Statement Review – Financial year ended 31 December 2017 ('FY2017') vs financial year ended 31 December 2016 ('FY2016')

Group revenue decreased by 37.8% from S\$276.8 million in FY2016 to S\$172.1 million in FY2017 with the decline in revenue arising from both the General Construction Segment and Specialised Engineering Segment. General Construction Segment registered lower sales due to lower construction activities in the current financial year as a number of projects were completed since the end of the last financial year, whilst lower demand for construction work and more competitive environments led to fewer projects being secured in FY2017. On the other hand, revenue from the Property Development Segment increased as revenue was recognised for the the sale of all remaining condominium units at Bliss @ Kovan.

Although overall revenue had decreased, the Group managed to improve on its gross profit margin from 4.8% to 15.3% and increased its gross profit by 97.1% from S\$13.4 million to S\$26.4 million. This was achieved with a better project mix of construction projects in FY2017 and better margins for a number of specialized engineering projects in Malaysia that were completed in the current the financial year.

Administrative costs rose by 18.4% from S\$8.0 million to S\$9.5 million. This was attributable to higher depreciation cost incurred by a new holding yard at the Group's logistics and storage premise in Sungei Kadut build for the Pre-fabricated Pre-finished Volumetric Construction ("PPVC") business and fees paid to real estate agents in relation to the sale of condominium units at Bliss @ Kovan.

Other operating costs increased by 38.7% from S\$15.5 million to S\$21.4 million. The increase was in part attributable to salaries as the manpower costs of project and site personnel which were previously recorded as project costs were now recorded as other operating costs as these projects were completed since the end of the last financial year. Costs were also incurred for research & development on the structural works of the PPVC system. Professional fees, bank facility charge and other costs that were incurred in relation to the acquisition of the Goh & Goh Building at Upper Bukit Timah also added to the rise in other operating costs. The Group had also provided for impairment losses of S\$0.6m and S\$0.3 million on property, plant and equipment and goodwill respectively (refer to Note 1 on Page 2).

Finance cost increased by S\$0.6 million as interest was incurred on the term loan obtained from the bank to finance for the purchase of Goh & Goh Building.

Share of results of joint ventures of S\$2.9 million for FY2017 comprised S\$0.5 million arising from Singapore Piling – Shincon JV and S\$2.4 million from the progressive recognition of income from the sale of condominium units of The Wisteria. To-date, all 216 units were sold and TOP was expected in the second half of 2018.

Share of results of associates amounted to S\$6.3 million for FY2017 included the recognition of profit from the sales of 247 units of Lake Life Executive Condominium according to financial accounting standards for Executive Condominium development.

Income tax credit of S\$0.5 million arose from the overprovision of income tax of S\$3.4 million in respect of previous years, partially offset by current financial year's income tax expense of S\$2.9 million (refer to Note 2 on Page 2).

Profit attributable to equity holders of the Company for FY2017 amounted to S\$7.1 million.

Statement of Financial Position and Cash Flow Review

Investment in associates increased by S\$6.0 million due to the Group's share of the results of associates. At the Company level, investment in subsidiaries increased by S\$6.2 due to acquisition of the remaining 20% interest in BBRM by the issuance of 16,500,000 new ordinary shares at \$0.31 per share (refer to SGXnet announcements dated 18 April 2017 and 17 May 2017), additional investment in two of its Singapore subsidiaries, offset by impairment of cost of investment in subsidiaries of S\$2.3 million.

Properties held for sale dropped S\$8.4 million as all the remaining condominium units at Bliss @ Kovan were sold off during the financial year.

During the financial year, there was a partial loan repayment of S\$7.0 million from an associate and the remaining loan outstanding amounting to S\$13.5 million as at 31 December 2017 was reclassified to current assets as it is expected to be fully repaid in the next financial year.

Gross amount due from customers for work-in-progress decreased marginally by S\$0.2 million. Gross amount due to customers for work-in-progress which represents the excess of progressive claims on work done over costs incurred had decreased by S\$18.8 million as projects were progressively completed.

Both trade receivables and trade payables decreased with subsequent settlement of these balances after the last financial year end and at the same time, the volume of project work activities was also lower in the current year.

The acquisition of Goh & Goh Building by Alika Properties Pte Ltd ("Alika"), a 62% owned subsidiary, at a purchase price of S\$101.5 million was completed in September 2017. The purchase consideration and related stamp duty were capitalised as Development property. A term loan was obtained from the bank to finance part of the purchase and the remaining funds were contributed by the shareholders through equity and loans accordingly to their shareholding proportion. Consequently loans and borrowing and other payables under non-current liabilities had increased from the last financial year end as a result of borrowings from the bank and minority shareholders in Alika.

Non-controlling interests decreased from S\$3.8 million to S\$0.4 million after accounting for the effect of acquisition of remaining interest in BBRM by the Group and new non-controlling interests arising from Alika and Siam BBR Systems Co., Ltd.

For the financial year ended 31 December 2017, the Group had net cash used in operating activities of S\$109.1 million after the cash outflow of S\$104.7 million for the acquisition of Goh & Goh Building. Excluding this, operating cash flow was an outflow of S\$4.4 million mainly due to a net decrease in amount due to customers for work-in-progress and a decrease in payables as projects were completed.

Cash flow from investing activities included a capital outlay of S\$2.8 million for the purchase of property, plant and equipment which comprised mainly the cost of construction for the PPVC holding yard in Sungei Kadut.

In financing activities, there was net cash generated of \$83.1 million which included a S\$71.1 million term loan drawn from a financial institution and a loan of S\$15.3 million from non-controlling interests for the acquisition of Goh & Goh Building. Final and special dividends of S\$1.8 million for the financial year ended 31 December 2016 were paid by the Company to its shareholders on 23 May 2017 and another S\$1.8 million of dividend for the financial year ended 31 December 2016 was paid by a subsidiary to the minority shareholder. Additionally, the movements of repayments of loans from an associate and loans to joint ventures resulted in a net cash inflow of S\$3.5 million during the financial year.

The Group's cash position remained healthy at S\$30.4 million as at 31 December 2017.

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

Not applicable because there was no forecast or prospect statement on financial performance disclosed previously.

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

On 14 February 2018, the Ministry of Trade and Industry announced that the Singapore economy grew by 3.6 per cent on a year-on-year basis in the fourth quarter of 2017, easing from the 5.5 per cent growth in the third quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.1 per cent, a moderation from the 11.2 per cent growth in the preceding quarter. The construction sector contracted by 5.0 per cent year-on-year in the fourth quarter, following the 9.3 per cent contraction in the third quarter, primarily due to weakness in private sector construction works. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 0.2 per cent, after posting a decline of 2.4 per cent decline in the third quarter.

For the whole of 2017, the economy grew by 3.6 per cent. The construction sector contracted by 8.4 per cent in 2017, a reversal of the 1.9 per cent growth in 2016. Output in the sector was primarily weighed down by the weakness in private sector construction works, which contracted by 29.1 per cent on the back of a decline in private residential and private industrial works. The performance of the construction sector is likely to remain lacklustre in 2018 as the earlier weakness in construction demand, particularly from the private sector, continues to weigh on construction activities in the sector.

The industry outlook remains challenging in the next 12 months with rising business costs, labour shortages and stiffer regulatory controls. Although the construction demand is expected to improve due to the anticipated increase in public sector projects, the construction sector remains weak. The Group is faced with intense competition and more construction firms are bidding on projects at thin margins or below cost to sustain their business. This may in turn drive down the overall profit margins for the construction industry.

The Group will continue to focus on its core businesses by leveraging its strong track record in building construction and civil engineering to secure more projects, as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects.

After the completion of the purchase of Goh & Goh Building, the Group engaged in discussions with the relevant authorities to optimise the potential of the development site. The Wisteria, a mixed development project under joint venture arrangement, is expected to obtain its Temporary Occupancy Permit ("TOP") in 2018 and the joint venture will operate and manage the The Wisteria Mall after TOP. Besides the Group through a newly incorporated associated company, Trendsteq Pte Ltd, is exploring into the business of property management and consultancy.

The Group will continue to explore business opportunities both locally and in the region to maintain and sustain its long term growth.

As at the date of this announcement, the Group has an order book of approximately S\$199 million in respect of construction projects, predominantly in Singapore and Malaysia.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Yes

(b) (i) Amount per share

The Board of Directors recommends the following tax-exempt one-tier dividends for approval by shareholders at the forthcoming annual general meeting to be convened:

- a. First & final dividend – 0.4 cents per share
- b. Special dividend – 0.2 cents per share

(ii) Previous corresponding period

- a. First & final dividend – 0.4 cents per share
- b. Special dividend – 0.2 cents per share

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)

The proposed first and final dividend and the special dividend are tax exempt.

(d) The date the dividend is payable

The proposed first and final dividend and the special dividend will be paid on 31 May 2018 if approved at the Annual General Meeting to be held on 23 April 2018.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte Ltd, at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, up to 5.00 pm on 16 May 2018, will be registered before entitlement to the dividends are determined.

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

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Business information

For management purposes, the Group has four reportable segments organised based on their products and services as follows:

Specialised engineering

This segment is in the business of post-tensioning, installation of stay cable systems for structural engineering applications, piling and foundation systems, heavy lifting, bridge design and construction, maintenance, strengthening, retrofitting and prefabricated prefinished volumetric construction system ("PPVC").

General construction

This segment is in the business of design and build, general building construction and civil and structural engineering construction, and conservation and restoration of buildings.

Property development

This segment is in the business of property development, focusing on developing residential properties, as well as mixed commercial and residential developments.

Green technology

This segment is in the business of system integration and distribution of renewable energy, and supply, installation and leasing of solar panels and grid connected systems.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measure differently from operating profit or loss in the consolidated financial statements.

Segment revenue and expenses, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Inter-segment transfers of revenue and expenses include transfers between business segments and are eliminated on consolidation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

13 Segment revenue and results (continued)

(a) Analysis by business segment

	<u>Specialised</u> <u>Engineering</u> \$'000	<u>General</u> <u>Construction</u> \$'000	<u>Property</u> <u>Development</u> \$'000	<u>Green</u> <u>Technology</u> \$'000	<u>Total</u> \$'000
2017					
Revenue					
External revenue	101,171	60,547	9,165	1,218	172,101
Inter-segment revenue	23,745	-	-	111	23,856
Total revenue	<u>124,916</u>	<u>60,547</u>	<u>9,165</u>	<u>1,329</u>	<u>195,957</u>
Results:					
Interest income	775	55	248	-	1,078
Interest expense	17	-	536	152	705
Depreciation of property, plant and equipment	2,784	726	-	626	4,136
Share of results of associates	107	-	6,221	-	6,328
Share of results of joint ventures	-	470	2,448	-	2,918
Other non-cash items:					
Allowance for inventories obsolescence	66	494	-	-	560
Impairment loss on property, plant and equipment	622	-	-	-	622
Impairment loss on goodwill	300	-	-	-	300
Amortisation of deferred income	-	-	-	(159)	(159)
Interest arising from the discount implicit in non-current trade receivables	8	-	-	-	8
Fair value loss on derivatives	112	-	-	-	112
Allowance for doubtful receivables	593	-	-	-	593
Bad debt written off	3	1	-	-	4
Segment profit/(loss) before taxation	6,735	(3,277)	7,775	(327)	10,906
Income tax expense/(credit)	2,922	(14)	(3,387)	-	(479)
Assets					
Investment in associates	784	-	15,360	-	16,144
Additions to property, plant and equipment	2,660	88	-	-	2,748
Segment assets	<u>69,567</u>	<u>37,076</u>	<u>169,695</u>	<u>12,308</u>	<u>288,646</u>
Segment liabilities					
	<u>35,482</u>	<u>32,359</u>	<u>87,334</u>	<u>3,334</u>	<u>158,509</u>

13 Segment revenue and results (continued)

(a) Analysis by business segment (continued)

	<u>Specialised</u> <u>Engineering</u> \$'000	<u>General</u> <u>Construction</u> \$'000	<u>Property</u> <u>Development</u> \$'000	<u>Green</u> <u>Technology</u> \$'000	<u>Total</u> \$'000
2016					
Revenue					
External revenue	110,810	164,823	-	1,101	276,734
Inter-segment revenue	21,970	475	-	3,656	26,101
	<u>132,780</u>	<u>165,298</u>	<u>-</u>	<u>4,757</u>	<u>302,835</u>
Results:					
Interest income	1,051	92	139	-	1,282
Interest expense	66	15	-	-	81
Depreciation of property, plant and equipment	2,724	1,195	-	12	3,931
Share of results of associates	89	-	9,320	(1)	9,408
Share of results of joint ventures	-	772	290	-	1,062
Other non-cash items:					
Allowance for inventories obsolescence	306	412	-	-	718
Impairment loss on property, plant and equipment	368	-	-	-	368
Amortisation of deferred income	-	-	-	(93)	(93)
Interest arising from the discount implicit in non-current trade receivables	(68)	-	-	-	(68)
Fair value gain on derivatives	(19)	-	-	-	(19)
Disposal of associate	-	-	-	15	15
Write-back of allowance for doubtful receivables	(209)	-	-	-	(209)
Segment profit/(loss) before taxation	6,213	(8,916)	9,477	(63)	6,711
Income tax expense/(credit)	1,557	(299)	(133)	-	1,125
	<u>677</u>	<u>-</u>	<u>9,485</u>	<u>-</u>	<u>10,162</u>
Assets					
Investment in associates	677	-	9,485	-	10,162
Additions to property, plant and equipment	1,561	-	-	3,390	4,951
Segment assets	<u>68,510</u>	<u>80,269</u>	<u>64,422</u>	<u>12,871</u>	<u>226,072</u>
Segment liabilities					
	<u>32,087</u>	<u>59,660</u>	<u>4,914</u>	<u>3,706</u>	<u>100,367</u>

13 Segment revenue and results (continued)

(a) Analysis by business segment (continued)

Reconciliations of reported segment revenue, profit before taxation, assets, liabilities and other material items

	2017	2016
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	195,957	302,835
Management fee from an associate	28	28
Elimination of intersegment revenue	(23,856)	(26,101)
	<u>172,129</u>	<u>276,762</u>
Profit before tax		
Total profit before taxation for reportable segments	10,906	6,711
Management fee from an associate	28	28
Unallocated amounts:		
Other corporate income	2,900	3,028
Other corporate expenses	(7,484)	(6,497)
	<u>6,350</u>	<u>3,270</u>
Assets		
Total assets for reportable segments	288,646	226,072
Other unallocated amounts	19,975	20,563
	<u>308,621</u>	<u>246,635</u>
Liabilities		
Total liabilities for reportable segments	158,509	100,367
Other unallocated amounts	11,524	11,613
	<u>170,033</u>	<u>111,980</u>

Other material items	2017			2016		
	Reportable	Adjustments	Entity totals	Reportable	Adjustments	Entity totals
	segment totals			segment totals		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	(1,078)	(29)	(1,107)	1,282	3	1,285
Interest expense	705	304	1,009	81	367	448
Allowance for inventories obsolescence	560	-	560	718	-	718
Impairment of property, plant & equipment	622	-	622	368	-	368
Impairment of goodwill	300	-	300	-	-	-
Amortisation of deferred income	(159)	-	(159)	(93)	-	(93)
Interest arising from the discount implicit in non-current trade receivables	8	-	8	(68)	-	(68)
Fair value loss/(gain) on derivative	112	-	112	(19)	-	(19)
Depreciation of property, plant and equipment	4,136	2,217	6,353	3,931	1,730	5,661
Allowance/(write-back of allowance) for doubtful receivables, net	593	-	593	(209)	-	(209)
Additions to property, plant and equipment	2,748	10	2,758	4,951	-	4,951
Income tax (credit)/expense	(479)	-	(479)	1,125	226	1,351

13 Segment revenue and results (continued)

(b) Analysis by geographical segments

The Group's geographical segments are based on the location of the Group's non-current assets. Segment revenue is analysed based on the location of assets producing the revenues.

	<u>Revenue</u>		<u>Non-current assets</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<u>Countries</u>				
Singapore	126,585	216,311	81,456	94,904
Malaysia	45,544	60,451	5,870	6,746
Others	-	-	367	350
	<u>172,129</u>	<u>276,762</u>	<u>87,693</u>	<u>102,000</u>

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

The general weakness in the local construction industry had resulted in lower construction work activities in the current financial year and hence decreased revenue in FY2017.

Specialised Engineering revenue from PPVC had increased in FY2017 with two projects running during the financial year but this was offset by a drop in revenue from the business of post-tensioning, installation of stay cable systems for structural engineering applications from both Singapore and Malaysia.

15. **A breakdown of sales**

GROUP	<u>Year ended 31 December</u>		Decrease
	2017	2016	
	S\$'000	S\$'000	%
(a) Sales reported for the first half year	69,071	155,337	(55.5)
(b) Operating profit/(loss) after taxation before deducting non-controlling interest reported for the first half year	3,399	(4,891)	(169.5)
(c) Sales reported for the second half year	103,058	121,425	(15.1)
(d) Operating profit after taxation before deducting non-controlling interest reported for the second half year	3,430	6,810	(49.6)

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year 2017 S\$'000	Previous Full Year 2016 S\$'000
Ordinary	1,934	1,848
Preference	-	-
Total:	<u>1,934</u>	<u>1,848</u>

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

No IPT mandate has been obtained pursuant to Rule 920(1).

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000
BBR VT International Ltd (A related corporation of BBR Holding Ltd., Switzerland, a controlling shareholder of the Company)	906	Nil

18. Confirmation that the issuer had procured undertakings from all its directors and executive officers.

The Company confirms that it had procured undertakings from all its directors and executive officers under Rule 720(1).

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Voon Chet Chie	32	Son of Mr Voon Yok Lin, a director and substantial shareholder of the Company	Appointed as Manager (Special Task) of BBR Construction Systems (M) Sdn Bhd on 1 January 2017	Appointed as the alternate director to Mr Voon Yok Lin in the Company on 21 June 2017

BY ORDER OF THE BOARD

Tan Kheng Hwee, Andrew
Executive Director

1 March 2018