



## BRC Asia Limited

### Unaudited 12 Months Financial Statement and Dividend Announcement for the Year Ended 30 September 2017

#### 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 financial year ended 30 September 2017

	2017 \$'000	2016 \$'000	+ / (-) %
Revenue	311,626	346,752	(10)
Cost of sales	<u>(291,368)</u>	<u>(318,070)</u>	(8)
Gross profit	20,258	28,682	(29)
Other income [ note (a) ]	995	1,022	(3)
Expenses			
- Distribution expenses	(4,815)	(4,466)	8
- Administrative expenses	(6,640)	(7,345)	(10)
- Finance costs	(1,539)	(1,085)	42
- Other operating expenses	(4,931)	(7,215)	(32)
Share of results of joint venture	1,746	550	n.m.
Share of results of associate	<u>(1,449)</u>	-	n.m.
Profit before tax [ note (b) ]	3,625	10,143	(64)
Income tax expense [ note (c) ]	<u>(1,152)</u>	<u>(1,802)</u>	(36)
Profit net of tax	<u>2,473</u>	<u>8,341</u>	(70)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Net gain on fair value changes of available-for-sale financial assets	26	8	n.m.
- Net (loss) / gain on net investment in foreign operation	(432)	239	n.m.
- Foreign currency translation	<u>(191)</u>	<u>(817)</u>	(77)
Other comprehensive income for the year, net of tax	<u>(597)</u>	<u>(570)</u>	5
Total comprehensive income for the year	<u>1,876</u>	<u>7,771</u>	(76)
Profit net of tax attributable to:			
Owners of the Company	2,118	8,343	(75)
Non-controlling interests	<u>355</u>	<u>(2)</u>	n.m.
	<u>2,473</u>	<u>8,341</u>	(70)
Total comprehensive income attributable to:			
Owners of the Company	1,521	7,775	(80)
Non-controlling interests	<u>355</u>	<u>(4)</u>	n.m.
	<u>1,876</u>	<u>7,771</u>	(76)

n.m. denotes not meaningful

	<b>2017</b>	2016	+ / (-)
	<b>\$'000</b>	\$'000	%
<b>Note (a) - Other income</b>			
Interest Income	<b>621</b>	63	n.m.
Dividend income	<b>5</b>	2	n.m.
Government grant	<b>233</b>	353	(34)
Sundry income	<b>134</b>	61	n.m.
Gain from fair value changes on currency forward contracts [2]	-	543	n.m.
Gain on disposal of property, plant and equipment	<b>2</b>	-	n.m.
Total	<b>995</b>	1,022	(3)

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

Interest expense on borrowings	<b>1,539</b>	1,085	42
Depreciation of property, plant and equipment	<b>7,646</b>	6,593	16
Rental expense on operating leases	<b>5,457</b>	5,527	(1)
Provision for / (reversal) of onerous contracts [3]	<b>9,075</b>	(545)	n.m.
Foreign exchange loss, net [1]	<b>1,038</b>	4,352	(76)
Allowance for impairment of trade receivables, net	<b>16</b>	229	(93)
Bad debts recovered	<b>(34)</b>	(102)	(67)
(Gain) / loss on disposal of property, plant and equipment	<b>(2)</b>	56	n.m.
Reversal of inventory obsolescence	<b>(1,255)</b>	(35)	n.m.
Write-off of property, plant and equipment	<b>4</b>	29	(86)
Loss / (gain) from fair value changes on currency forward contracts [2]	<b>887</b>	(543)	n.m.

	<b>2017</b>	2016	+ / (-)
	<b>\$'000</b>	\$'000	%
<b>Note (c) - Income tax expense</b>			
Tax expense attributable to profit is made up of :			
Provision in respect of current financial year			
Current income tax	<b>2,628</b>	940	n.m.
Deferred income tax	<b>(1,511)</b>	634	n.m.
	<b>1,117</b>	1,574	(29)
Under /(over) provision in respect of previous financial years			
Current income tax	<b>6</b>	(57)	n.m.
Deferred income tax	<b>29</b>	285	(90)
Total income tax expense recognised in statement of comprehensive income	<b>1,152</b>	1,802	(36)

## **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 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 Dollar. As the Group did not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in the profit and loss.
- [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>	
	September 2017 \$'000	September 2016 \$'000	September 2017 \$'000	September 2016 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	89,136	77,679	65,942	68,233
Investment in subsidiaries	-	-	26,371	30,162
Interest in joint venture	11,650	10,162	6,076	6,076
Interest in associate	6,714	-	8,807	-
Loan to investee companies	1,500	4,321	1,500	4,321
Available-for-sale financial assets	1,614	2,243	1,614	2,243
	<b>110,614</b>	<b>94,405</b>	<b>110,310</b>	<b>111,035</b>
<b>Current assets</b>				
Inventories	111,433	91,445	103,376	84,079
Trade and other receivables	75,516	66,007	65,637	57,355
Amount due from subsidiaries	-	-	19,850	4,950
Prepayments	1,022	4,198	259	1,740
Derivative financial instruments	-	543	-	521
Deposits	255	245	235	229
Cash and cash equivalents	23,989	11,938	19,673	7,657
	<b>212,215</b>	<b>174,376</b>	<b>209,030</b>	<b>156,531</b>
<b>Total assets</b>	<b>322,829</b>	<b>268,781</b>	<b>319,340</b>	<b>267,566</b>
<b>Current liabilities</b>				
Trade and other payables	69,049	31,896	60,961	30,601
Provisions	11,667	2,592	11,438	2,592
Amount due to a subsidiary	-	-	70	69
Advances received	443	1,459	161	1,459
Derivative financial instruments	344	-	344	-
Loan and borrowings	52,376	39,613	52,376	34,399
Current income tax liabilities	2,808	780	2,808	795
	<b>136,687</b>	<b>76,340</b>	<b>128,158</b>	<b>69,915</b>
<b>Non-current liabilities</b>				
Provisions	408	427	408	427
Loan and borrowings	10,772	12,135	10,772	12,135
Deferred income tax liabilities	6,785	8,267	6,785	8,267
	<b>17,965</b>	<b>20,829</b>	<b>17,965</b>	<b>20,829</b>
<b>Total liabilities</b>	<b>154,652</b>	<b>97,169</b>	<b>146,123</b>	<b>90,744</b>
<b>Net assets</b>	<b>168,177</b>	<b>171,612</b>	<b>173,217</b>	<b>176,822</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	68,011	68,011	68,011	68,011
Treasury shares	(1,105)	(1,044)	(1,105)	(1,044)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(46)	(72)	(46)	(72)
Share option reserve	885	974	885	974
Foreign currency translation reserve	(3,315)	(2,692)	-	-
Retained earnings	102,728	105,833	104,875	108,356
<b>Equity attributable to owners of the Company</b>	<b>167,755</b>	<b>171,607</b>	<b>173,217</b>	<b>176,822</b>
<b>Non-controlling interests</b>	<b>422</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>168,177</b>	<b>171,612</b>	<b>173,217</b>	<b>176,822</b>
<b>Total equity and liabilities</b>	<b>322,829</b>	<b>268,781</b>	<b>319,340</b>	<b>267,566</b>

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

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

	September 2017		September 2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	-	51,012	-	37,056
Finance lease liabilities	1,364	-	2,557	-
	<u>1,364</u>	<u>51,012</u>	<u>2,557</u>	<u>37,056</u>

### Amount repayable after one year

	September 2017		September 2016	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	772	-	2,135	-
Convertible bonds	-	10,000	-	10,000
	<u>772</u>	<u>10,000</u>	<u>2,135</u>	<u>10,000</u>

### Details of any collateral

Finance lease liabilities of S\$2.1 million (2016: S\$3.7 million) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases is S\$8.3 million (2016: S\$9.1 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**

	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	3,625	10,143
Adjustments for :		
Share of results of joint venture	(1,746)	(550)
Depreciation of property, plant and equipment	7,646	6,593
Write-off of property, plant and equipment	4	29
Reversal of inventory obsolescence	(1,255)	(35)
Allowance for impairment of trade receivables	16	229
(Gain) / loss on disposal of property, plant and equipment	(2)	56
Bad debts recovered	(34)	(102)
Provision for / (reversal) of onerous contracts	9,075	(545)
Provision for retirement benefits	15	18
Unrealised exchange (gain) / loss	(549)	125
Fair value changes on derivatives	887	(543)
Share of results of associate	1,449	-
Interest expense	1,539	1,085
Interest income	(621)	(63)
Dividend income	(5)	(2)
<b>Operating cash flow before working capital changes</b>	<b>20,044</b>	<b>16,438</b>
Changes in working capital		
Trade and other receivables	(9,481)	3,416
Inventories	(18,733)	981
Prepayments and deposits	3,166	1,555
Trade and other payables	36,137	(6,243)
<b>Cash flows from operations</b>	<b>31,133</b>	<b>16,147</b>
Income taxes paid	(616)	(2,563)
Retirement benefits paid	(34)	(80)
<b>Net cash flows from operating activities</b>	<b>30,483</b>	<b>13,504</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(19,169)	(11,749)
Loan to investee companies	(3,959)	(2,300)
Proceeds from disposal of property, plant and equipment	64	71
Purchase of available-for-sale financial assets	(1,500)	(283)
Capital contribution from non-controlling interest	62	65
Interest received	621	63
Dividends received from investments in joint venture	120	-
Dividends received from investments in available-for-sale financial assets	5	2
<b>Net cash flows used in investing activities</b>	<b>(23,756)</b>	<b>(14,131)</b>
<b>Cash flows from financing activities</b>		
Repayment from finance lease, net	(2,556)	(10,920)
Proceeds from bills payable, net	13,956	14,732
Purchase of treasury shares	(61)	(355)
Dividends paid on ordinary shares	(4,472)	(3,731)
Interest paid	(1,539)	(1,085)
<b>Net cash flows from / (used in) financing activities</b>	<b>5,328</b>	<b>(1,359)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>12,055</b>	<b>(1,986)</b>
Cash and cash equivalents at beginning of financial year	11,938	13,940
Effects of exchange rate changes on cash and cash equivalents	(4)	(16)
<b>Cash and cash equivalents at end of financial year</b>	<b>23,989</b>	<b>11,938</b>

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

**Statement of Changes in Equity – Group**

	<u>Attributable to Owners of Parent</u>							<u>Non-controlling interests</u>	<u>Equity Total</u>	
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Fair value reserve</u>	<u>Share option reserve</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>			<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2015	68,011	(689)	597	(80)	974	(2,116)	101,221	167,918	(56)	167,862
Profit, net of tax	-	-	-	-	-	-	8,343	8,343	(2)	8,341
Other comprehensive income for the year	-	-	-	8	-	(576)	-	(568)	(2)	(570)
Total comprehensive income for the year	-	-	-	8	-	(576)	8,343	7,775	(4)	7,771
Cash dividends on ordinary shares	-	-	-	-	-	-	(3,731)	(3,731)	-	(3,731)
Purchase of treasury shares	-	(355)	-	-	-	-	-	(355)	-	(355)
Total contributions by and distribution to owners	-	(355)	-	-	-	-	(3,731)	(4,086)	-	(4,086)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	65	65
Total changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	65	65
Total transactions with owners in their capacity as owners	-	(355)	-	-	-	-	(3,731)	(4,086)	65	(4,021)
<b>Balance at 30 September 2016</b>	<b>68,011</b>	<b>(1,044)</b>	<b>597</b>	<b>(72)</b>	<b>974</b>	<b>(2,692)</b>	<b>105,833</b>	<b>171,607</b>	<b>5</b>	<b>171,612</b>
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	(2,692)	105,833	171,607	5	171,612
Effect of adjustment on reclassification of available-for-sale financial assets to associate	-	-	-	-	-	-	(840)	(840)	-	(840)
Profit, net of tax	-	-	-	-	-	-	2,118	2,118	355	2,473
Other comprehensive income for the year	-	-	-	26	-	(623)	-	(597)	-	(597)
Total comprehensive income for the year	-	-	-	26	-	(623)	2,118	1,521	355	1,876
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)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	62	62
Total changes in ownership interest in subsidiary	-	-	-	-	-	-	-	-	62	62
Total transactions with owners in their capacity as owners	-	(61)	-	-	-	-	(4,472)	(4,533)	62	(4,471)
Employee share options forfeited	-	-	-	-	(89)	-	89	-	-	-
<b>Balance at 30 September 2017</b>	<b>68,011</b>	<b>(1,105)</b>	<b>597</b>	<b>(46)</b>	<b>885</b>	<b>(3,315)</b>	<b>102,728</b>	<b>167,755</b>	<b>422</b>	<b>168,177</b>

## Statement of Changes in Equity-Company

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Fair value reserve</u>	<u>Share option reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2015	68,011	(689)	597	(80)	974	103,060	171,873
Profit, net of tax	-	-	-	-	-	9,027	9,027
Other comprehensive income for the year	-	-	-	8	-	-	8
Total comprehensive income for the year	-	-	-	8	-	9,027	9,035
Cash dividends on ordinary shares	-	-	-	-	-	(3,731)	(3,731)
Purchase of treasury shares	-	(355)	-	-	-	-	(355)
Total contributions by and distribution to owners	-	(355)	-	-	-	(3,731)	(4,086)
<b>Balance at 30 September 2016</b>	<b>68,011</b>	<b>(1,044)</b>	<b>597</b>	<b>(72)</b>	<b>974</b>	<b>108,356</b>	<b>176,822</b>
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	108,356	176,822
Profit, net of tax	-	-	-	-	-	902	902
Other comprehensive income for the year	-	-	-	26	-	-	26
Total comprehensive income for the year	-	-	-	26	-	902	928
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)
Employee share options forfeited	-	-	-	-	(89)	89	-
<b>Balance at 30 September 2017</b>	<b>68,011</b>	<b>(1,105)</b>	<b>597</b>	<b>(46)</b>	<b>885</b>	<b>104,875</b>	<b>173,217</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 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.**

	<b>2017</b>	<b>2016</b>
<b><u>Number of issued shares (excluding treasury shares)</u></b>		
As at 1 July and 30 September	186,335,089	186,449,989

	<b>2017</b>	<b>2016</b>
<b><u>Number of treasury shares</u></b>		
As at 30 September	1,626,600	1,511,700
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.87%	0.81%

	<b>2017</b>
<b><u>Number of share options</u></b>	
As at 1 July and 30 September	5,050,600

The BRC Share Option Scheme 2011 (the "Option Scheme") for employees of the Company was approved by members of the Company at the Extraordinary General Meeting held on 25 January 2011.

A mandatory conditional cash offer dated 22 September 2017 was made by ABN AMRO, for and on behalf of the Esteele Enterprise Pte. Ltd. (the "Offeror"), to acquire all the issued ordinary shares in the capital of the Company. A copy of the abovementioned announcement is available on the website of the Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com).

Pursuant to Rule 19 of the Code, 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. Subsequent to the current financial year ended 30 September 2017, all outstanding options to subscribe for an aggregate 5,050,600 shares have been surrendered for cancellation as the holders of all outstanding options have accepted the Options Proposal.

### **Convertible Bonds**

The Company issued S\$10,000,000 equity-linked redeemable convertible bonds on 16 May 2014. The total net proceeds of S\$10,000,000 had been used to pay off part of the Company's existing trust receipts.

The convertible bonds outstanding are as follow:

Principal amount outstanding	30 September 2017	30 September 2016
<u>Convertible bonds due 2019</u>		
S\$10 million at 5 percent per annum		
Maturity date	16 May 2019	16 May 2019
Conversion price	S\$1.00	S\$1.00

Assuming all convertible bonds are fully converted based on the conversion price, the number of new shares to be issued will be 10,000,000, representing 5.37% of the total number of shares in issue (excluding treasury shares) as at 30 September 2017 and 5.36% of the total number of shares in issue (excluding treasury shares) as at 30 September 2016 respectively.

There has been no change to the convertible bonds outstanding since 30 September 2017.

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

	30 September 2017	30 September 2016
Total number of issued shares	186,335,089	186,449,989

### **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**

#### Movement of treasury shares

Outstanding as at 1 October 2016	1,511,700
Purchase of treasury shares	114,900
Outstanding as at 30 September 2017	<u>1,626,600</u>

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

There were no subsidiary holdings during and as at the end of the current financial period reported on.

### **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 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**

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 2016.

**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)**

<b>The Group</b>	<b>2017</b>	<b>2016</b>
- Basic	<b>1.137</b>	4.476
- Diluted basis	<b>1.137</b>	4.460

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

Weighted average number of shares for basic earnings per share computation as of 30 September 2017 and 30 September 2016 were 186,356,024 and 186,572,070 shares respectively, excluding treasury shares.

Weighted average number of shares for diluted earnings per share computation as of 30 September 2017 and 30 September 2016 were 186,356,024 and 196,572,070 shares respectively, excluding treasury shares.

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

	<b>2017</b>	<b>2016</b>
The Group *	<b>90.03</b>	92.04
The Company	<b>92.96</b>	94.84

\* 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 year.

Net asset value per ordinary share was calculated based on 186,335,089 shares as at 30 September 2017 and 186,449,989 shares as at 30 September 2016 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**

## **GROUP INCOME STATEMENT**

### **Singapore**

#### **Revenue**

Despite higher selling prices, revenue for the current financial year ("FY2017") decreased by 10% to S\$311.6 million as compared to S\$346.8 million in the previous financial year ("FY2016") due to lower volume of steel delivered as a result of weaker construction demand.

#### **Gross profit and gross profit margin**

FY2017 gross profit decreased 29% to \$20.3 million from \$28.7 million in FY2016 due to reduced sales volume and lower gross profit margin as a percentage of sales which fell to 6.5% in FY2017 from 8.3% in FY2016.

#### **Distribution cost and administrative expenses**

The increase in distribution expenses was mainly due to higher personnel costs, offset by reduction in prompt payment discounts given to customers.

The decrease in administrative expenses was due to reduction in personnel-related costs.

#### **Finance costs**

The increase in finance costs was attributable to higher average borrowings during the year to finance the steel purchases.

#### **Other operating expenses**

The decrease in operating expenses was mainly due to lower realised foreign exchange losses of S\$1.0 million in FY2017 as compared to S\$4.4 million in FY2016 as well as mark-to-market loss of S\$0.9 million on currency forward contracts in FY2017 as compared to mark-to-market gain of S\$0.5 million on currency forward contracts, taken up as other income in FY2016.

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

#### **Share of results of joint venture**

The Group's share of profits from the interest in the China joint venture ("JV") of S\$1.7 million in FY2017 was higher as compared to S\$0.6 million in FY2016 mainly due to reversal of allowance of doubtful debts.

### 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% interests in a subsidiary which owns, operates and manages an airport, hotel and resort in Maldives. The construction of the airport extension and hotel has been completed whilst that of the resort is still on-going. The losses were due to operating expenses incurred prior to opening of the hotel in September 2017.

### **GROUP BALANCE SHEET & CASH FLOW**

As at 30 September 2017, the Group's balance sheet remained strong with net assets of S\$167.8 million and net asset value per ordinary share of 90.03 Singapore cents.

The Group's property, plant and equipment increased by S\$11.5 million to S\$89.1 million in FY2017 mainly due to purchase of machinery and equipment as well as building additions.

During the year, the Company increased its investment in the share capital of Nuformsystem (M) Sdn. Bhd, a 51% owned subsidiary, via subscription for additional 204,000 new ordinary shares for a consideration of S\$ 0.07 million. Also, an allowance for impairment of S\$3.8 million was made to the cost of investment in BRC Prefab Holdings Sdn, Bhd, a wholly owned subsidiary of the Company.

Interest in associate pertain to investment in PII and shareholder loan granted. The Group's investment in PII was reclassified from available-for-sale financial assets and that of the shareholder loan was reclassified from loan to investee companies.

The Group's long term loan to investee companies was in respect of loan extended to Nuform System Asia Pte Ltd.

Available-for-sale financial assets mainly comprised unquoted shares in Nuform System Asia Pte Ltd which is in the business of rental of construction equipment.

The Group's inventories increased by S\$20.0 million to S\$111.4 million despite lower inventory levels due to higher steel costs.

The Group's trade and other receivables increased by S\$9.6 million to S\$75.6 million mainly due to higher sales revenue in the last quarter of FY17 compared to the corresponding period in FY16.

Decreased in prepayments were mainly because advances paid for the purchases of machinery were capitalised during the year.

The Group's trade and other payables increased by S\$37.1 million to S\$69.0 million mainly due to higher unpaid goods in transit for imported raw materials.

The increase in provisions was mainly related to provisions for certain sales contracts for which the costs to deliver the balance of the contracted volume was expected to exceed the revenue to be received under them.

Advances received from customers were lower compared to previous year.

The Group's loan and borrowings were higher by S\$11.4 million due to higher trade bills which were partially offset by repayments to finance lease creditors.

Net cash flows of S\$30.5 million was generated from operating activities. Net cash used in investing activities were mainly used for purchases of plant and equipment of S\$19.2 million and loan to investee companies of S\$4.0 million. Net cash inflows from financing activities was largely proceeds from borrowings of S\$14.0 million, partly offset by dividend payment of S\$4.5 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 FY2017 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

In a report published by the Ministry of Trade and Industry (MTI) on 23 November 2017<sup>1</sup>, the Singapore economy performed better than expected in the third quarter of 2017, growing by 5.2% on a year-on-year basis, and also faster compared to the growth of 2.9% in the previous quarter. This growth was principally supported by externally-oriented sectors such as manufacturing, finance & insurance, wholesale trade and transportation & storage sectors. Most domestically-oriented sectors, such as health, education and social services, also did well in the third quarter, and are expected to remain resilient going forward. As such, the MTI now expects the Singapore economy to grow by 3% to 3.5% in 2017, compared to 1% to 3% at the beginning of the year. The two glaring exceptions, however, are the offshore & marine and construction sectors.

According to the MTI, the construction sector contracted by 7.6% in the third quarter of 2017, extending the previous quarter's 9.1% decline. While nominal certified progress payments (a proxy for construction output) contracted only 20% this quarter compared to 23% in the previous quarter, this output has fallen for five quarters in a row. The drop in construction output was due to continued weakness in both private and public sectors construction activities, as certified progress payments during the quarter declined across the board, ranging from -6.2% in public civil engineering works to -31% in private industrial building works.

On the other hand, the number of construction contracts awarded rose 35% in the third quarter, reversing the 23% decline in the previous quarter. However, this upsurge in construction demand was entirely driven by higher public sector construction demand, which increased by 194% and, this was in turn primarily a result of a 921% rise in public civil engineering works as contracts for Circle Line 6 and the Deep Tunnel Sewerage System were awarded. On the flip side, private sector construction demand declined 39% during the quarter.

The following table by the Building and Construction Authority (BCA) provides a snapshot of the state of the Singapore construction industry over the last few years. The "CONTRACTS AWARDED" figures can be used to forecast the level of construction activities going forward.

BUILDING AND CONSTRUCTION ACTIVITIES (TABLE A9.1)

	2013	2014	2015	2016	2015		2016				2017		
					III	IV	I	II	III	IV	I	II	III
	Million Dollars												
CONTRACTS AWARDED	35,803.6	38,757.1	27,034.0	26,403.8	4,116.8	6,460.1	9,712.9	6,267.6	5,369.5	5,053.9	4,963.3	4,850.8	7,264.3
Public	14,888.5	19,219.8	13,252.9	15,393.3	1,872.7	3,480.4	7,926.8	3,449.7	1,715.7	2,301.1	2,661.8	2,650.2	5,039.8
Private	20,915.3	19,537.4	13,781.2	11,010.5	2,244.2	2,979.6	1,786.1	2,817.9	3,653.8	2,752.8	2,301.5	2,200.7	2,224.6
CERTIFIED PAYMENTS	33,681.8	35,891.7	36,402.2	35,177.8	9,258.0	9,555.4	9,157.6	9,276.9	8,636.5	8,106.8	7,469.5	7,173.0	6,910.0
Public	12,554.8	14,731.7	15,614.6	16,473.6	3,734.3	4,255.4	4,064.1	4,490.9	4,123.2	3,795.4	3,976.7	3,648.0	3,675.0
Private	21,127.0	21,160.1	20,787.6	18,704.1	5,523.7	5,300.0	5,093.5	4,786.0	4,513.2	4,311.4	3,492.9	3,525.0	3,235.0
	Percentage Change Over Corresponding Period Of Previous Year												
CONTRACTS AWARDED	16.4	8.2	-30.2	-2.3	-59.8	-28.8	15.6	-22.2	30.4	-21.8	-48.9	-22.6	35.3
Public	56.3	29.1	-31.0	16.2	-70.9	2.0	90.2	-7.6	-8.4	-33.9	-66.4	-23.2	193.7
Private	-1.5	-6.6	-29.5	-20.1	-40.9	-47.4	-57.8	-34.8	62.8	-7.6	28.9	-21.9	-39.1
CERTIFIED PAYMENTS	6.5	6.6	1.4	-3.4	2.0	5.1	6.7	3.1	-6.7	-15.2	-18.4	-22.7	-20.0
Public	1.9	17.3	6.0	5.5	1.3	14.4	9.7	14.6	10.4	-10.8	-2.2	-18.8	-10.9
Private	9.3	0.2	-1.8	-10.0	2.4	-1.4	4.4	-5.9	-18.3	-18.7	-31.4	-26.3	-28.3

Source: Building and Construction Authority

<sup>1</sup> <https://www.mti.gov.sg/ResearchRoom/Pages/Economic-Survey-of-Singapore-Third-Quarter-2017.aspx>

Notably, the value of contracts awarded overall have declined continuously from 2013 to 2016, and for two out of three quarters in 2017. This contraction is overwhelmingly due to lacklustre demand in the private sector, and while the government has entered the market to try to pick up the slack, this has largely been in public sector civil engineering projects, which are relatively fewer in numbers and larger in size. In absolute terms, there are fewer projects for the large number of contractors who had expanded or entered the market during the recent construction boom, leading to increasingly irrational pricing in order to secure tenders. Consequently, activity and profit margins during this period have been massively affected in an adverse way throughout the construction supply chain, including within the reinforcing steel industry.

In fact, in the above-mentioned MTI report, MTI, when discussing the economic outlook for 2018, postulated, “...unlike most of the other sectors, the performance of the construction sector is expected to remain lacklustre, weighed down by the continued weakness in construction demand.”

We can expect a challenging and volatile market environment going forward.

## 11. Dividend

### (a) Current Financial Period Reported On

	2017	
Name of dividend	Final (One-tier) Tax exempt	Interim (one-tier) tax exempt
Dividend type	NIL	NIL
Dividend rate	NIL	NIL
Date paid / payable	NIL	NIL

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

	2016	
Name of dividend	Final (One-tier) Tax exempt	Interim (one-tier) tax exempt
Dividend type	Cash	N/A
Dividend rate	2.4 Singapore cents per ordinary share	N/A
Date paid / payable	07 February 2017	N/A

### (c) Date payable

Not applicable

### (d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the financial year ended 30 September 2017.

**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 SEGMENT

<b>Group segmental results</b>	<b>Fabrication and manufacturing</b>	<b>Renting of construction equipment</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Group</b>
<b>For year ended 30 September 2017</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	310,149	1,477	-	-	<b>311,626</b>
<b>Results</b>					
Interest income	621	-	-	-	<b>621</b>
Interest expenses	(1,539)	-	-	-	<b>(1,539)</b>
Depreciation	(7,158)	(488)	-	-	<b>(7,646)</b>
Share of results of joint venture	1,746	-	-	-	<b>1,746</b>
Share of results of associate	-	-	(1,449)	-	<b>(1,449)</b>
Profit / (loss) net of tax	3,321	601	(1,449)	-	<b>2,473</b>
<b>Assets</b>					
Segments assets	321,596	12,718	-	(11,485)	<b>322,829</b>
Interest in joint venture	11,650	-	-	-	<b>11,650</b>
Interest in associate	-	-	6,714	-	<b>6,714</b>
<b>Segment liabilities</b>	(154,276)	(11,861)	-	11,485	<b>(154,652)</b>
Capital expenditure	9,074	10,095	-	-	<b>19,169</b>
<b>Group segmental results</b>	<b>Fabrication and manufacturing</b>	<b>Renting of construction equipment</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Group</b>
<b>For year ended 30 September 2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	346,752	-	-	-	<b>346,752</b>
<b>Results</b>					
Interest income	63	-	-	-	<b>63</b>
Interest expenses	(1,085)	-	-	-	<b>(1,085)</b>
Depreciation	(6,593)	-	-	-	<b>(6,593)</b>
Share of results of joint venture	550	-	-	-	<b>550</b>
Profit net of tax	8,341	-	-	-	<b>8,341</b>
<b>Assets</b>					
Segments assets	305,136	132	-	(36,487)	<b>268,781</b>
Interest in joint venture	10,162	-	-	-	<b>10,162</b>
<b>Segment liabilities</b>	(114,339)	-	-	17,170	<b>(97,169)</b>
Capital expenditure	12,777	-	-	-	<b>12,777</b>



GEOGRAPHICAL LOCATION

<b>Group segmental results For year ended 30 September 2017</b>	<b>Singapore \$'000</b>	<b>China \$'000</b>	<b>Malaysia \$'000</b>	<b>Maldives \$'000</b>	<b>Group \$'000</b>
Revenue	278,403	-	33,223	-	<b>311,626</b>
Non-current assets	75,769	11,650	23,195	-	<b>110,614</b>

<b>Group segmental results For year ended 30 September 2016</b>	<b>Singapore \$'000</b>	<b>China \$'000</b>	<b>Malaysia \$'000</b>	<b>Maldives \$'000</b>	<b>Group \$'000</b>
Revenue	321,295	-	25,457	-	<b>346,752</b>
Non-current assets	74,796	10,162	9,447	-	<b>94,405</b>

**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**

Please refer to Paragraph 8.

**15. A breakdown of sales and profit before tax**

	<b>2017</b>	2016	%
	<b>\$'000</b>	\$'000	+ / (-)
Sales reported for first half year	<b>148,851</b>	168,608	(12)
Profit /(loss) after tax reported for first half year	<b>1,989</b>	(452)	n.m.
Sales reported for remaining period	<b>162,775</b>	178,144	(9)
Profit after tax reported for remaining period	<b>484</b>	8,793	(94)

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

	<b>2017</b>	2016
Total Annual Dividend	<b>\$'000</b>	\$'000
Ordinary	<b>4,472</b>	3,731

**17. Interested person transactions**

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial year 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)*
	12 months ended 30 September 2017	12 months ended 30 September 2017
HG Construction Steel Pte Ltd	Sales – S\$623,000	-

\*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.

**18. 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 Company 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.

**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 shareholders of the issuer pursuant to Rule 704(13) in the format below. If there is no such persons, the issuer must make an appropriate negative statement**

Name	Age	Family relationship with any director and/ or substantial shareholders	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lau Wee Min	40	Son of Mr. Lau Eng Hoe, <sup>1</sup> a substantial shareholder of BRC Asia Limited and nephew of Mr. Lau Eng Tiong, <sup>2</sup> Non-Executive and Non independent director and a substantial shareholder of BRC Asia Limited.	Manager – Corporate Communication  Brand management, creative design of Company’s products and promotional materials, inventory logistics and any other duties that may be assigned from time to time.  Position held since 4 October 2010.	None
Lim Jun Da	29	Son of Mr. Lim Siak Meng, <sup>3</sup> Group Managing Director, and also a substantial shareholder of BRC Asia Limited	Manager – Corporate and Marketing Services  Assist in corporate and legal matters and marketing services.  Position held since 4 January 2016.	None

<sup>1</sup> Lau Eng Hoe ceased to be a substantial shareholder on 11 September 2017.

<sup>2</sup> Lau Eng Tiong ceased to be a substantial shareholder on 11 September 2017 and resigned as a director on 28 November 2017

<sup>3</sup> Lim Siak Meng ceased to be a substantial shareholder on 11 September 2017 and resigned as a director on 28 November 2017

ON BEHALF OF THE BOARD OF DIRECTORS

Seah Kiin Peng  
Executive Director

Singapore  
29 November 2017