



BRC Asia Limited

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

Unaudited First Quarter Financial Statement and Related Announcement for the Quarter Ended 31 December 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 first quarter ended 31 December 2018

	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000	+ / (-) %
Revenue	237,973	100,123	138%
Cost of sales	<u>(221,126)</u>	<u>(92,990)</u>	138%
Gross profit	16,847	7,133	136%
Other income [note (a)]	698	189	269%
Expenses			
- Distribution expenses	(1,527)	(1,162)	31%
- Administrative expenses	(3,626)	(1,555)	133%
- Finance costs	(2,834)	(664)	327%
- Other operating expenses	(1,496)	(1,334)	12%
Share of results of associates	(677)	(69)	881%
Share of results of joint venture	198	194	2%
Profit before tax from continuing operations [note (b)]	<u>7,583</u>	<u>2,732</u>	178%
Income tax expense	<u>(1,424)</u>	<u>(402)</u>	254%
Profit from continuing operations, net of tax	6,159	2,330	164%
Profit from discontinued operation, net of tax [note (c)]	-	503	n.m
Profit, net of tax	<u><u>6,159</u></u>	<u><u>2,833</u></u>	117%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Net exchange loss on net investment in foreign operations	(159)	(66)	141%
- Foreign currency translation of foreign operations	(103)	243	n.m
Other comprehensive (loss) / income for the financial period, net of tax	<u>(262)</u>	<u>177</u>	n.m
Total comprehensive income for the financial period	<u><u>5,897</u></u>	<u><u>3,010</u></u>	96%
Profit, net of tax attributable to:			
Owners of the Company:			
- Profit from continuing operations, net of tax	6,159	2,330	164%
- Profit from discontinued operation, net of tax	-	257	n.m
	<u>6,159</u>	<u>2,587</u>	138%
Non-controlling interests:			
- Profit from continuing operations, net of tax	-	-	n.m
- Profit from discontinued operation, net of tax	-	246	n.m
	<u>-</u>	<u>246</u>	n.m
	<u><u>6,159</u></u>	<u><u>2,833</u></u>	117%
Total comprehensive income attributable to:			
Owners of the Company	5,897	2,751	114%
Non-controlling interests	-	258	n.m
	<u>5,897</u>	<u>3,009</u>	96%
Total comprehensive income attributable to Owners of the Company:			
- Profit from continuing operations, net of tax	5,897	2,495	136%
- Profit from discontinued operation, net of tax	-	256	n.m
	<u>5,897</u>	<u>2,751</u>	114%

n.m. denotes not meaningful

	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000	+ / (-) %
Note (a) - Other income			
Interest income	53	45	18%
Government grant	54	30	80%
Rental income	45	-	n.m
Sundry income	15	1	1400%
Foreign exchange gain, net [1]	516	113	357%
Bad debts recovered	15	-	n.m
	698	189	269%

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

Interest expense on borrowings	2,834	664	327%
Depreciation of property, plant and equipment	3,631	1,846	97%
Depreciation of investment properties	18	-	n.m
Operating lease expense	2,997	1,246	141%
Loss from fair value changes on currency forward contracts, net [2]	170	648	n.m
Reversal of provision for onerous contracts [3]	(5,466)	(2,721)	101%
Reversal of allowance for inventory obsolescence	-	(120)	n.m
Loss on disposal of property, plant and equipment	37	-	n.m

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

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

Profit from discontinued operation, net of tax of S\$0.503 million was solely from Nuform Malaysia. It comprised profit, net of tax to owners of the Company for S\$0.257 million and non-controlling interests for S\$0.246 million.

Comments on Group Profit and Loss

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

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

	<u>The Group</u>		<u>The Company</u>	
	December 2018 \$'000	September 2018 \$'000	December 2018 \$'000	September 2018 \$'000
Non-current assets				
Property, plant and equipment	146,108	148,978	58,400	60,042
Investment properties	2,453	2,471	-	-
Investment in subsidiaries	-	-	225,559	225,559
Interest in joint venture	12,259	12,116	6,076	6,076
Interest in associates	10,774	11,477	13,471	13,505
Available-for-sale financial assets	109	109	109	109
	171,703	175,151	303,615	305,291
Current assets				
Inventories	323,413	270,249	173,745	158,032
Trade and other receivables	201,640	180,725	91,366	79,857
Amount due from subsidiaries	-	-	8,940	8,414
Prepayments	10,119	4,526	9,831	4,025
Deposits	230	300	129	131
Assets held for sale	27,273	26,711	-	-
Cash and cash equivalents	26,744	41,080	6,455	15,591
	589,419	523,591	290,466	266,050
Total assets	761,122	698,742	594,081	571,341
Current liabilities				
Trade and other payables	65,928	58,959	36,500	46,768
Amount due to subsidiaries	-	-	42,307	14,611
Advances received	3,892	3,178	2,809	2,449
Loans and borrowings	308,477	255,838	144,668	140,691
Provisions	14,600	20,066	3,958	4,998
Derivative financial instruments	495	325	212	239
Current income tax liabilities	6,962	5,115	2,989	2,665
	400,354	343,481	233,443	212,421
Non-current liabilities				
Provisions	244	244	244	244
Loans and borrowings	81,968	82,265	80,083	79,948
Deferred tax liabilities	12,523	12,616	7,258	7,258
Loan from immediate holding company	23,100	23,100	23,100	23,100
	117,835	118,225	110,685	110,550
Total liabilities	518,189	461,706	344,128	322,971
Net assets	242,933	237,036	249,953	248,370
Equity attributable to owners of the Company				
Share capital	125,001	125,001	125,001	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(51)	(51)	(51)	(51)
Foreign currency translation reserve	(3,026)	(2,764)	-	-
Retained earnings	121,517	115,358	125,511	123,928
Total equity	242,933	237,036	249,953	248,370
Total equity and liabilities	761,122	698,742	594,081	571,341

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

Amount repayable in one year or less, or on demand

	31 December 2018		30 September 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	101,834	204,998	113,205	140,556
Finance lease liabilities	1,645	-	2,077	-
	<u>103,479</u>	<u>204,998</u>	<u>115,282</u>	<u>140,556</u>

Amount repayable after one year

	31 December 2018		30 September 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	2,657	-	2,954	-
Loan from immediate holding company	-	23,100	-	23,100
Bank loan	79,311	-	79,311	-
	<u>81,968</u>	<u>23,100</u>	<u>82,265</u>	<u>23,100</u>

Details of any collateral

Finance lease liabilities of S\$4.3 million (2018: S\$5.0 million) are secured by certain motor vehicles and certain plant and machinery. The carrying amount of motor vehicles and plant and machinery held under finance leases were S\$2.4 million (2018: S\$2.8 million) and S\$6.7 million (2018: S\$7.1 million) respectively.

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

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

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

	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000
Cash flows from operating activities		
Profit before tax from continuing operations	7,583	2,732
Profit before tax from discontinued operation	-	503
	<u>7,583</u>	<u>3,235</u>
Adjustments for :		
Share of results of joint venture	(198)	(194)
Share of results of associates	677	69
Depreciation of investment properties	18	-
Depreciation of property, plant and equipment	3,631	2,162
Reversal of inventory obsolescence	-	(120)
Fair value changes on derivatives, net	170	503
Loss on disposal of property, plant and equipment	37	-
Reversal of provision for onerous contracts	(5,466)	(2,721)
Unrealised exchange differences	(201)	124
Interest expense	2,834	664
Interest income	(53)	(45)
Operating cash flow before working capital changes	<u>9,032</u>	<u>3,677</u>
Change in working capital		
Trade and other receivables	(20,915)	(10,207)
Inventories	(53,164)	(9,270)
Prepayments and deposits	(5,523)	(80)
Development costs for assets held for sale	(562)	-
Trade and other payables	7,320	(12,698)
Cash flows used in operations	<u>(63,812)</u>	<u>(28,578)</u>
Income tax paid	330	17
Retirement benefits paid	-	(162)
Net cash flows used in operating activities	<u>(63,482)</u>	<u>(28,723)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(925)	(4,621)
Proceeds from disposal of property, plant and equipment	127	-
Capital contribution from non-controlling interest of a subsidiary	-	840
Interest received	53	45
Loan to associate company	-	(2,214)
Net cash flows used in investing activities	<u>(745)</u>	<u>(5,950)</u>
Cash flows from financing activities		
Repayment of finance lease liabilities	(729)	(615)
Net proceeds from short-term borrowings	53,071	53,371
Interest paid	(2,471)	(664)
Net cash flows generated from financing activities	<u>49,871</u>	<u>52,092</u>
Net (decrease) / increase in cash and cash equivalents	(14,356)	17,419
Cash and cash equivalents at beginning of financial period	41,080	23,989
Effects of exchange rate changes on cash and cash equivalents	20	(32)
Cash and cash equivalents at end of financial period	<u>26,744</u>	<u>41,376</u>
Cash and cash equivalents		
Continuing operations	26,744	40,232
Discontinued operation	-	1,144
	<u>26,744</u>	<u>41,376</u>

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

Statement of Changes in Equity – Group

	Attributable to Owners of the Company							Total \$'000	Non-controlling interest \$'000	Equity Total \$'000
	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000			
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	(3,315)	102,728	167,755	422	168,177
Profit, net of tax	-	-	-	-	-	-	2,587	2,587	246	2,833
Other comprehensive income for the financial period	-	-	-	-	-	165	-	165	12	177
Total comprehensive income for the financial period	-	-	-	-	-	165	2,587	2,752	258	3,010
Conversion of bonds	3,500	-	-	-	-	-	-	3,500	-	3,500
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	-	840	840
Total transactions with owners in their capacity as owners	3,500	-	-	-	-	-	-	3,500	840	4,340
Employee share options cancelled	-	-	-	-	(885)	-	885	-	-	-
Balance at 31 December 2017	71,511	(1,105)	597	(46)	-	(3,150)	106,200	174,007	1,520	175,527
Balance at 1 October 2018	125,001	(1,105)	597	(51)	-	(2,764)	115,358	237,036	-	237,036
Profit, net of tax	-	-	-	-	-	-	6,159	6,159	-	6,159
Other comprehensive income for the financial period	-	-	-	-	-	(262)	-	(262)	-	(262)
Total comprehensive income for the financial period	-	-	-	-	-	(262)	6,159	5,897	-	5,897
Balance at 31 December 2018	125,001	(1,105)	597	(51)	-	(3,026)	121,517	242,933	-	242,933

Statement of Changes in Equity - Company

	Share capital	Treasury shares	Capital reserve	Fair value reserve	Share option reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Profit, net of tax	-	-	-	-	-	1,964	1,964
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	1,964	1,964
Conversion of bonds	3,500	-	-	-	-	-	3,500
Total contributions by and distributions to owners	3,500	-	-	-	-	-	3,500
Employee share options cancelled	-	-	-	-	(885)	885	-
Balance at 31 December 2017	71,511	(1,105)	597	(46)	-	107,724	178,681
Balance at 1 October 2018	125,001	(1,105)	597	(51)	-	123,928	248,370
Profit, net of tax	-	-	-	-	-	1,583	1,583
Total comprehensive income for the financial period	-	-	-	-	-	1,583	1,583
Balance at 31 December 2018	125,001	(1,105)	597	(51)	-	125,511	249,953

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Number of issued shares (excluding treasury shares)

	2018	2017
As at 1 October	233,335,089	186,335,089
Issuance of shares	-	3,500,000
As at 31 December	<u>233,335,089</u>	<u>189,835,089</u>

On 28 December 2017, the Company issued and allotted 3,500,000 ordinary new shares in relation to conversion of S\$3,500,000 of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014. These shares had been listed and quoted on the Singapore Exchange Securities Trading Limited on 2 January 2018.

Number of treasury shares

	2018	2017
As at 31 December	1,626,600	1,626,600
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.70%	0.86%

Number of share options

	2018	2017
As at 1 October	-	5,050,600
Surrendered for cancellation	-	(5,050,600)
As at 31 December	<u>-</u>	<u>-</u>

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Estee Enterprise Pte. Ltd. (“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. The Options Proposal was accepted by the holders of all outstanding options and all outstanding options were surrendered for cancellation.

Convertible Bonds

	2018	2017
As at 1 October	-	10,000,000
Converted to ordinary shares	-	(3,500,000)
As at 31 December	<u>-</u>	<u>6,500,000</u>

Percentage of number of convertible bonds against the total number of issued shares excluding treasury shares

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

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

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

The bonds were fully converted into ordinary share in the capital of the Company on 21 June 2018.

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

	31 December 2018	30 September 2018
Total number of issued shares	233,335,089	233,335,089

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

Number of treasury shares

	2018
As at 1 October	1,626,600
Purchases	-
As at 31 December	<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 recently audited annual financial statements for the financial year ended 30 September 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 October 2018 and has prepared its first set of financial information under SFRS(I)s for the three months ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has not elected any optional exemption on the first-time adoption of SFRS(I)s. There is no significant impact to the Group's opening balance sheet as at 1 October 2017 on the date of transition to SFRS(I)s.

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

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

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

Earnings per ordinary share from continuing operations (cents)

The Group	1st Qtr 2019	1st Qtr 2018
- Basic	2.64	1.25
- Diluted basis	2.64	1.25

Earnings per ordinary share (cents)

The Group	1st Qtr 2019	1st Qtr 2018
- Basic	2.64	1.39
- Diluted basis	2.64	1.39

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 31 December 2018 and 31 December 2017 were 233,335,089 and 186,373,445 shares respectively, excluding treasury shares.

Weighted average number of shares for diluted earnings per share computation as of 31 December 2018 and 31 December 2017 were 233,335,089 and 186,373,445 shares respectively, excluding treasury shares.

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

Net asset value per ordinary share (cents)

	December 2018	September 2018
The Group *	104.11	101.59
The Company	107.12	106.44

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

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

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

Consolidated Statement of Comprehensive Income

Following the completion of the compulsory acquisition of 100% of the total issued and paid-up capital of Lee Metal Group Ltd ("Lee Metal") on 26 July 2018, the Group has now included 100% of Lee Metal's financial results in its Consolidated Statement of Comprehensive Income for the first financial quarter of 2019 ("1Q19").

Revenue

For 1Q19, the Group's revenue increased by 138% to S\$238.0 million from S\$100.1 million in the corresponding quarter last year ("1Q18"). The increase in revenue was attributable to higher volume of value-added sales tonnage delivered as well as increased steel selling prices, which Lee Metal had also contributed in part.

Gross profit margin and gross profit

The Group's gross profit margin as a percentage of revenue in 1Q19 remained at 7.1%, the same as 1Q18. Gross profit increased by 136% to S\$16.8 million from S\$7.1 million mainly due to the increase in the amount of steel delivered following the acquisition of Lee Metal.

In line with the inclusion of Lee Metal's results in 1Q19, expenses increased correspondingly across the board.

Distribution and administrative expenses

For 1Q19, distribution expenses increased by 31% to S\$1.5 million from S\$1.2 million in 1Q18 mainly due to a higher volume of steel. Administrative expenses increased by 133% to S\$3.6 million from S\$1.6 million mainly due to higher personnel-related expenses and costs relating to trade credit and general insurance.

Finance costs

Finance costs increased significantly by 327% to S\$2.8 million in 1Q19 from S\$0.7 million in 1Q18. These were largely attributable to loans and borrowings to fund the acquisition of Lee Metal as well as more trade bills to finance higher inventories for the enlarged Group at higher interest rates.

Other operating expenses

Other operating expenses increased by 31% to S\$1.7 million in 1Q19 from S\$1.3 million in 1Q18 mainly due to inclusion of expenses incurred by Lee Metal.

Share of results of associates

Share of losses of associates increased by 881% to S\$0.7 million in 1Q19 from S\$0.1 million in 1Q18. This was mainly attributable to share of losses from the 17% equity interest in Pristine Islands Investment Pte Ltd, an investment holding company with 100% interest in a subsidiary which operates and manages an airport, hotel and resort in the Maldives. While the construction of the hotel was completed and had been in operation since September 2017, the resort is still under construction.

Share of results of joint venture

The Group's share of profit from the investment in the joint venture in China increased marginally by 2% to remain at S\$0.2 million.

Statement of Financial Position for the Group

As at 31 December 2018, the Group's balance sheet remained strong with net assets of S\$242.9 million and net asset value per ordinary share of 104.11 Singapore cents.

The Group's inventories increased by S\$53.2 million mainly due to higher stock position for the enlarged Group. Correspondingly, trade and other payables as well as loans and borrowings also increased.

The Group's trade and other receivables increased by S\$20.9 million mainly due to increased revenue.

The Group's prepayments increased by S\$5.6 million mainly due to prepayments for purchase of steel.

The Group's provisions decreased by S\$5.5 million mainly due to reversal of provision for onerous contracts.

Statement of Cash Flow for the Group

For 1Q19, net cash flows used in operating activities increased by S\$34.8 million, from S\$28.7 million in 1Q18 to \$63.5 million in 1Q19. This was mainly due to increase in inventories level for the enlarged Group and trade and other receivables on the back of higher revenue.

Net cash flows used in investing activities decreased by S\$5.3 million, from S\$6.0 million in 1Q18 to S\$0.7 million 1Q19. This was mainly due to reduction in purchase of property, plant and equipment as well as absence of loan to associate company.

Net cash flows generated from financing activities decreased by S\$2.2 million, from S\$52.1 million in 1Q18 to S\$49.9 million in 1Q19. This was largely due to net cash inflows from bank borrowings was offset by higher interest paid to banks.

With net cash flows from financing activities of S\$49.9 million, cash and cash equivalents as at 31 December 2018 was \$26.7 million, down from \$41.1 million as at 1 October 2018.

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

The Group's results for 1st Quarter 2019 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

After three consecutive years of decline, total construction demand (represented by the value of contracts awarded) in Singapore finally turned the corner in 2018, registering a value of S\$30.5 billion, which was at the higher end of the S\$26 billion to S\$31 billion forecast given by the Building and Construction Authority (BCA), and 17.3% higher than the S\$26 billion average yearly construction demand from 2015 to 2017. Led by civil engineering projects of S\$9.7 billion, about 60% of the construction demand in 2018 was contributed by the public sector. Further, underpinned by strong en-bloc sales in 2017 and the first half of 2018, private residential construction demand rebounded strongly from S\$3.0 to S\$3.9 billion per year in the preceding three years to S\$5.1 billion in 2018.

Be that as it may, 2018's construction demand is still some way off the S\$38.8 billion and S\$35.8 billion achieved in 2014 and 2013 respectively.

For 2019, BCA is forecasting that construction demand will reach between S\$27 billion to S\$32 billion, with the public sector expected to continue to contribute strongly with S\$16.5 billion to S\$19.5 billion worth of projects, or about 60% of total demand. The following table breaks down this forecast demand by sector and compares it with the figures from the preceding four years.

Table – Singapore Total Construction Demand (\$\$ billion)

Sector	2019 (forecast)	2018 (preliminary)	2017	2016	2015
Industrial	6.0 – 7.3	4.8	4.3	3.3	5.4
Commercial	1.4 – 2.0	1.5	2.1	2.8	2.2
Private Residential	4.3 – 4.7	5.1	3	3.1	3.9
Public Residential	2.5 – 2.9	3.6	3.1	3.3	3.8
Civil Engineering	8.2 – 9.9	9.7	8.9	9.4	5.4
Institutional & Others	4.6 – 5.3	5.8	3	4.2	6.6
Total	27.0 – 32.0	30.5	24.5	26.1	27.3

Source: Building and Construction Authority, Singapore

One thing that seems quite clear from the above is that we are finally seeing some stability in terms of demand and activity. This bodes well for the reinforcing steel industry, an integral part of the construction supply chain.

On the supply side, on 28 January 2019 Tata Steel Limited publicly announced that it was selling 70% of Natsteel Holdings Pte Ltd – one of the largest reinforcing steel players in Singapore and Singapore's only steel maker – to HBIS Group Co., Ltd, a Chinese state-owned enterprise and one of the largest steel makers in the world with revenue exceeding US\$40 billion and total assets in excess of US\$50 billion. This deal is expected to be completed in the next three to four months.

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

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the quarter ended 31 December 2018.

13 Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000	1st Qtr 2019 \$'000	1st Qtr 2018 \$'000
	Estee Enterprise Pte Ltd - Loan facility interest	262	Nil	Nil

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

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

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 31 December 2018 to be false or misleading in any material aspects.

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
12 February 2019