



BRC Asia Limited

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

Unaudited 12 Months Financial Statement and Dividend Announcement for the Year Ended 30 September 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 financial year ended 30 September 2018

	Full Year 2018 \$'000	Full Year 2017 \$'000	+ / (-) %
Revenue	567,009	310,148	83
Cost of sales	(521,938)	(290,775)	79
Gross profit	<u>45,071</u>	<u>19,373</u>	n.m
Other income [note (a)]	2,482	995	n.m
Expenses			
- Distribution expenses	(5,129)	(4,815)	7
- Administrative expenses	(13,346)	(6,275)	n.m
- Finance costs	(5,083)	(1,536)	n.m
- Other operating expenses	(7,517)	(5,015)	50
Share of results of associates	(1,605)	(1,449)	11
Share of results of joint venture	777	1,746	(55)
Profit before tax from continuing operations [note (b)]	<u>15,650</u>	<u>3,024</u>	n.m
Income tax expense	(3,607)	(1,152)	n.m
Profit from continuing operations, net of tax	<u>12,043</u>	<u>1,872</u>	n.m
Discontinued operation			
Loss on disposal of 51% economic interest in a subsidiary	(863)	-	n.m
Profit, net of tax	<u>1,116</u>	<u>601</u>	86
Profit from discontinued operation, net of tax [note (c)]	<u>253</u>	<u>601</u>	(58)
Profit for the year	<u><u>12,296</u></u>	<u><u>2,473</u></u>	n.m
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Net (loss) / gain on fair value changes of available-for-sale financial assets	(5)	26	n.m
- Net exchange gain / (loss) on net investment in foreign operation	398	(432)	n.m
- Foreign currency translation			
Exchange differences on translation of foreign operations	288	(191)	n.m
Reclassifications	(67)	-	n.m
Other comprehensive income / (loss) for the year, net of tax	<u>614</u>	<u>(597)</u>	n.m
Total comprehensive income for the year	<u><u>12,910</u></u>	<u><u>1,876</u></u>	n.m
Profit for the year attributable to:			
Owners of the Company:			
Profit from continuing operations, net of tax	12,043	1,811	n.m
(Loss) / profit from discontinued operation, net of tax	(293)	307	n.m
	<u>11,750</u>	<u>2,118</u>	n.m
Non-controlling interests:			
Profit from continuing operations, net of tax	-	61	(100)
Profit from discontinued operation, net of tax	546	294	86
	<u>546</u>	<u>355</u>	54
	<u><u>12,296</u></u>	<u><u>2,473</u></u>	n.m
Total comprehensive income attributable to:			
Owners of the Company	12,291	1,521	n.m
Non-controlling interests	619	355	74
	<u>12,910</u>	<u>1,876</u>	n.m
Total comprehensive income attributable to Owners of the Company			
Profit from continuing operations, net of tax	12,582	1,215	n.m
(Loss) / profit from discontinued operation, net of tax	(291)	306	n.m
	<u>12,291</u>	<u>1,521</u>	n.m

n.m. denotes not meaningful

	Full Year 2018 \$'000	Full Year 2017 \$'000	+ / (-) %
Note (a) - Other income			
Interest income	1,153	621	86
Dividend income	5	5	-
Government grant	184	233	(21)
Rental income	56	-	n.m
Sundry income	13	134	(90)
Gain on disposal of property, plant and equipment	21	2	n.m
Gain on disposal of club membership	455	-	n.m
Foreign exchange gain, net	595	-	n.m
	2,482	995	n.m

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

Interest expense on borrowings	5,083	1,535	n.m
Depreciation of property, plant and equipment	9,873	7,158	38
Depreciation of investment properties	23	-	n.m
Amortisation of club membership	12	-	n.m
Operating lease expense	7,110	5,425	31
Foreign exchange (gain) / loss, net [1]	(595)	1,122	n.m
Loss from fair value changes on currency forward contracts, net [2]	380	887	(57)
(Reversal of) / provision for onerous contracts [3]	(11,983)	9,075	n.m
Allowance for impairment of receivables, net	2,542	16	n.m
Bad debts recovered	(1)	(34)	(97)
Bad debts written off	14	-	n.m
Allowance for / (reversal of) inventory obsolescence	578	(1,255)	n.m
Gain on disposal of property, plant and equipment	(21)	(2)	n.m
Write-off of property, plant and equipment	4	4	-

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\$0.253 million, arising from disposal of Nuform Malaysia comprised profit from discontinued operation, net of tax to non-controlling interests of S\$0.546 million partially offset by loss from discontinued operation, net of tax attributable to owners of the Company of S\$0.293 million. There was no profit and loss impact for disposal of Nuform Singapore as the sales consideration was that of cost of investment.

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 2018 \$'000	September 2017 \$'000	September 2018 \$'000	September 2017 \$'000
Non-current assets				
Property, plant and equipment	148,978	89,136	60,042	65,942
Investment properties	2,471	-	-	-
Investment in subsidiaries	-	-	225,559	26,371
Interest in joint venture	12,116	11,650	6,076	6,076
Interest in associates	11,477	6,714	13,505	8,807
Available-for-sale financial assets	109	1,614	109	1,614
Loan to investee company	-	1,500	-	1,500
	175,151	110,614	305,291	110,310
Current assets				
Inventories	270,249	111,433	158,032	103,376
Trade and other receivables	180,894	75,516	79,857	65,637
Amount due from subsidiaries	-	-	8,414	19,850
Prepayments	4,526	1,022	4,025	259
Deposits	131	255	131	235
Assets held for sale	26,711	-	-	-
Cash and cash equivalents	41,080	23,989	15,591	19,673
	523,591	212,215	266,050	209,030
Total assets	698,742	322,829	571,341	319,340
Current liabilities				
Trade and other payables	58,959	69,049	46,768	60,961
Amount due to a subsidiary	-	-	14,611	70
Advances received	3,178	443	2,449	161
Loans and borrowings	255,838	52,376	140,691	52,376
Provisions	20,066	11,667	4,998	11,438
Derivative financial instruments	325	344	239	344
Current income tax liabilities	5,115	2,808	2,665	2,808
	343,481	136,687	212,421	128,158
Non-current liabilities				
Provisions	244	408	244	408
Loans and borrowings	82,265	10,772	79,948	10,772
Deferred tax liabilities	12,616	6,785	7,258	6,785
Loan from immediate holding company	23,100	-	23,100	-
	118,225	17,965	110,550	17,965
Total liabilities	461,706	154,652	322,971	146,123
Net assets	237,036	168,177	248,370	173,217
Equity attributable to owners of the Company				
Share capital	125,001	68,011	125,001	68,011
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(51)	(46)	(51)	(46)
Share option reserve	-	885	-	885
Foreign currency translation reserve	(2,764)	(3,315)	-	-
Retained earnings	115,358	102,728	123,928	104,875
Equity attributable to owners of the Company	237,036	167,755	248,370	173,217
Non-controlling interests	-	422	-	-
Total equity	237,036	168,177	248,370	173,217
Total equity and liabilities	698,742	322,829	571,341	319,340

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

Amount repayable in one year or less, or on demand

	30 September 2018		30 September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	113,205	140,556	-	51,012
Finance lease liabilities	2,077	-	1,364	-
	115,282	140,556	1,364	51,012

Amount repayable after one year

	30 September 2018		30 September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	2,954	-	772	-
Loan from immediate holding company	-	23,100	-	-
Bank loan	79,311	-	-	-
Convertible bonds	-	-	-	10,000
	82,265	23,100	772	10,000

Details of any collateral

Finance lease liabilities of S\$5.0 million (2017: S\$2.1 million) are secured by certain motor vehicles and certain plant and machinery. The carrying amount of plant and equipment held under finance leases is S\$9.3 million (2017: S\$8.3 million) at the balance sheet date.

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 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

	Full Year 2018 \$'000	Full Year 2017 \$'000
Cash flows from operating activities		
Profit before tax from continuing operations	15,650	3,024
Profit before tax from discontinued operation	271	601
	<u>15,921</u>	<u>3,625</u>
Adjustments for :		
Share of results of joint venture	(777)	(1,746)
Share of results of associates	1,605	1,449
Amortisation of club memberships	12	-
Depreciation of investment properties	23	-
Depreciation of property, plant and equipment	10,869	7,646
Write-off of property, plant and equipment	4	4
Allowance for / (reversal of) inventory obsolescence	578	(1,255)
Allowance for impairment of receivables, net	2,542	16
Fair value changes on derivatives, net	380	887
Gain on disposal of property, plant and equipment	(21)	(2)
Gain on disposal of club membership	(455)	-
Goodwill on acquisition of subsidiary written off	55	-
Loss on disposal of investment in subsidiary	863	-
Bad debts recovered	(1)	(34)
Bad debts written off	14	-
(Reversal of) / provision for onerous contracts	(11,983)	9,075
Provision for retirement benefits	22	15
Unrealised exchange differences	950	(279)
Interest expense	5,083	1,539
Interest income	(1,153)	(621)
Dividend income	(5)	(5)
Operating cash flow before working capital changes	<u>24,526</u>	<u>20,314</u>
Change in working capital		
Trade and other receivables	(3,998)	(9,491)
Inventories	(42,614)	(18,733)
Prepayments and deposits	(2,646)	3,166
Purchases of assets held for sale	(211)	-
Trade and other payables	19,808	36,137
Cash flows (used in) / from operations	<u>(5,135)</u>	<u>31,393</u>
Income tax paid	(3,076)	(606)
Retirement benefits paid	(186)	(34)
Net cash flows (used in) / from operating activities	<u>(8,397)</u>	<u>30,753</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(28,728)	(19,318)
Purchase of remaining share from non-controlling Interest	(9)	-
Proceeds from disposal of property, plant and equipment	589	80
Proceeds from disposal of club membership	810	-
Proceeds from disposal of a subsidiary, net of cash disposed off	936	-
Capital contribution from non-controlling interest of a subsidiary	840	62
Net cash outflow from acquisition of a subsidiary	(143,113)	-
Proceeds from disposal / (purchase) of available-for-sale financial assets	1,500	(1,500)
Proceeds from repayment of loan from / (loan to) investee company	1,500	(1,500)
Interest received	694	621
Dividend income from investment in available-for-sale financial assets	5	5
Dividend income from interest in joint venture	-	120
Long term loan to associate company	(4,632)	(2,459)
Net cash flows used in investing activities	<u>(169,608)</u>	<u>(23,889)</u>
Cash flows from financing activities		
Purchase of treasury shares	-	(61)
Repayment of finance lease liabilities	(1,500)	(2,693)
Net proceeds from loans and borrowings from banks	130,859	13,956
Proceeds from issuance of shares	46,990	-
Proceeds from loan from immediate holding company	23,100	-
Dividends paid	-	(4,472)
Interest paid	(4,371)	(1,539)
Net cash flows generated from financing activities	<u>195,078</u>	<u>5,191</u>
Net increase in cash and cash equivalents	17,073	12,055
Cash and cash equivalents at beginning of financial year	23,989	11,938
Effects of exchange rate changes on cash and cash equivalents	18	(4)
Cash and cash equivalents at end of financial year	<u>41,080</u>	<u>23,989</u>
Cash and cash equivalents		
Continuing operations	41,080	23,148
Discontinued operation	-	841
	<u>41,080</u>	<u>23,989</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 Parent								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	Total \$'000		
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)
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	-	62	62
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	(61)	-	-	-	-	(4,472)	(4,533)	62	(4,471)
Employee share options forfeited	-	-	-	-	(89)	-	89	-	-	-
Balance at 30 September 2017	68,011	(1,105)	597	(46)	885	(3,315)	102,728	167,755	422	168,177
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	-	-	-	-	-	-	11,750	11,750	546	12,296
Other comprehensive income for the year	-	-	-	(5)	-	546	-	541	73	614
Total comprehensive income for the year	-	-	-	(5)	-	546	11,750	12,291	619	12,910
Conversion of bonds	10,000	-	-	-	-	-	-	10,000	-	10,000
Issuance of shares	46,990	-	-	-	-	-	-	46,990	-	46,990
Capital contributions from non-controlling interest	-	-	-	-	-	-	-	-	840	840
Total contributions by and distributions to owners	56,990	-	-	-	-	-	-	56,990	840	57,830
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	5	(5)	-	(9)	(9)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(1,872)	(1,872)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	5	(5)	-	(1,881)	(1,881)
Total transactions with owners in their capacity as owners	56,990	-	-	-	-	5	(5)	56,990	(1,041)	55,949
Employee share options cancelled	-	-	-	-	(885)	-	885	-	-	-
Balance at 30 September 2018	125,001	(1,105)	597	(51)	-	(2,764)	115,358	237,036	-	237,036

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 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 share	-	-	-	-	-	(4,472)	(4,472)
Treasury share	-	(61)	-	-	-	-	(61)
Total contributions by and distributions to owners	-	(61)	-	-	-	(4,472)	(4,533)
Employee share options forfeited	-	-	-	-	(89)	89	-
Balance at 30 September 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Profit, net of tax	-	-	-	-	-	18,168	18,168
Other comprehensive income for the year	-	-	-	(5)	-	-	(5)
Total comprehensive income for the year	-	-	-	(5)	-	18,168	18,163
Conversion of bonds	10,000	-	-	-	-	-	10,000
Issuance of shares	46,990	-	-	-	-	-	46,990
Total contributions by and distributions to owners	56,990	-	-	-	-	-	56,990
Employee share options cancelled	-	-	-	-	(885)	885	-
Balance at 30 September 2018	125,001	(1,105)	597	(51)	-	123,928	248,370

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

Number of issued shares (excluding treasury shares)

	2018	2017
As at 1 October	186,335,089	186,449,989
Issuance of shares	47,000,000	-
Purchase of treasury shares	-	(114,900)
As at 30 September	<u>233,335,089</u>	<u>186,335,089</u>

During the current financial year, the Company issued and allotted 47,000,000 ordinary new shares. This comprised of 37,000,000 ordinary new shares to new shareholders for S\$46.99 million and 10,000,000 ordinary new shares from the conversion of S\$10.00 million of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014.

Number of treasury shares

	2018	2017
As at 30 September	1,626,600	1,626,600
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.70%	0.87%

Number of share options

	2018	2017
As at 1 October	5,050,600	5,546,600
Surrendered for cancellation	(5,050,600)	-
Forfeited during the year	-	(496,000)
As at 30 September	<u>-</u>	<u>5,050,600</u>

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Esteel 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)	10,000,000
Converted to ordinary shares	10,000,000	-
As at 30 September	<u>-</u>	<u>10,000,000</u>

Percentage of number of convertible bonds against the total number of issued shares excluding treasury shares - 5.37%

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.

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

	30 September 2018	30 September 2017
Total number of issued shares	233,335,089	186,335,089

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

As at 1 October 2017	1,626,600
Purchases	-
As at 30 September 2018	<u>1,626,600</u>

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial year and the most 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 the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 1 October 2017.

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

Earnings per ordinary share from continuing operations (cents)

The Group	2018	2017
- Basic	5.571	0.972
- Diluted basis	5.571	0.972

Earnings per ordinary share (cents)

The Group	2018	2017
- Basic	5.435	1.137
- Diluted basis	5.435	1.137

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 2018 and 30 September 2017 were 216,192,348 and 186,356,024 shares respectively, excluding treasury shares.

Weighted average number of shares for diluted earnings per share computation as of 30 September 2018 and 30 September 2017 were 216,192,348 and 186,356,024 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)

	2018	2017
The Group *	101.59	90.03
The Company	106.44	92.96

* 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 233,335,089 shares as at 30 September 2018 and 186,335,089 shares as at 30 September 2017 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

Following the Company's voluntary conditional cash offer ("VGO") to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd¹ ("Lee Metal Shares"), the companies under the Lee Metal Group Ltd ("Lee Metal") became subsidiaries of the Group on 23 May 2018. Subsequently, pursuant to the completion of the exercise by the Company of its right of compulsory acquisition of the Lee Metal Shares under Section 215(1) of the Companies Act, Chapter 50 of Singapore ("Companies Act"), Lee Metal became a wholly-owned subsidiary of the Company on 26 July 2018.

The Group has engaged a professional firm to conduct Purchase Price Allocation ("PPA") exercise for the acquisition of Lee Metal. The purchase price was allocated into various assets and liabilities of Lee Metal. Based on the preliminary results of the PPA exercise, a PPA adjustment was identified in relation to property, plant and equipment for S\$29.4 million, assets held for sale for S\$1.8 million and investment properties for S\$0.1 million. Accordingly, a goodwill of S\$0.06 million was recognised and subsequently written off in the consolidated statement of comprehensive income on a provisional basis. The fair values of the assets and liabilities of Lee Metal on acquisition date may be subjected to changes upon the finalisation of the PPA exercise.

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\$0.253 million, arising from disposal of Nuform Malaysia comprised profit from discontinued operation, net of tax to non-controlling interests of S\$0.546 million partially offset by loss from discontinued operation, net of tax attributable to owners of the Company of S\$0.293 million. There was no profit and loss impact for disposal of Nuform Singapore as the sales consideration was that of cost of investment. The Group ceased its business segment in the rental of construction equipment following the completion of disposal of Nuform Malaysia.

¹Lee Metal Group Ltd has changed its name to Lee Metal Group Pte. Ltd. with effect from 19 November 2018.

Consolidated statement of comprehensive income

The consolidated statement of comprehensive income for the current financial year ("FY2018") included the post-acquisition results of Lee Metal.

Revenue

Revenue for FY2018 increased by 83% from S\$310.1 million to S\$567.0 million compared to the previous financial year ("FY2017"). This was mainly due to increased in sales tonnage delivered, partly contributed by Lee Metal as well as increased steel selling prices during the year.

Gross profit and gross profit margin

Gross profit for FY2018 increased by S\$25.7 million to S\$45.1 million from S\$19.4 million in FY2017 mainly due to increase in sales volume and better gross margins which improved to 8.0% in FY2018 from 6.2% in FY2017.

Distribution and administrative expenses

FY2018 distribution expenses increased by 7% to S\$5.1 million from S\$4.8 million in FY2017 whilst FY2018 administrative expenses increased to S\$13.3 million from S\$6.3 million in FY2017. Other than expenses incurred by Lee Metal, higher administrative expenses were due to legal and professional fees incurred in relation to the acquisition of Lee Metal shares.

Finance costs

The increase in FY2018 finance costs to S\$5.1 million from S\$1.5 million in FY2017 was largely attributable to borrowings to fund the purchase of Lee Metal shares as well as that associated with more trade bills and at higher interest rates.

Other operating expenses

The increase in FY2018 other operating expenses by 50% to S\$7.5 million from S\$5.0 million in FY2017 was mainly due to higher allowance for impairment of trade receivables.

Share of results of associates

The Group's share of losses from associates was in relation to the 17% equity interest in Pristine Islands Investment Pte. Ltd ("PII"), an investment holding company with 100% interest in a subsidiary which operates and manages an airport, hotel and resort in Maldives. The construction of the hotel was completed and the hotel has commenced operations since September 2017. The construction of the resort is still in progress.

Share of results of joint venture

FY2018 share of profit from joint venture decreased by 55% to S\$0.8 million from S\$1.7 million in FY2017. The higher share of profit in FY2017 was due to reversal of allowance for doubtful debts.

Consolidated statement of financial position

The assets and liabilities of the newly acquired Lee Metal were reflected in the consolidated statement of financial position as at September 2018.

As at 30 September 2018, the Group's balance sheet remained strong with net assets of S\$237.0 million and net asset value per ordinary share of 101.59 Singapore cents.

The increase in the Group's property, plant and equipment of S\$59.8 million was due to the inclusion of Lee Metal and a preliminary PPA upward adjustment of S\$29.4 million.

The Group's interest in associates increased by S\$4.8 million to S\$11.5 million in FY2018 due to loan to an associate.

The Group's inventories increased by S\$158.8 million to S\$270.2 million in FY2018 mainly due to higher inventory levels as well as higher steel unit rates.

The Group's trade and other receivables increased by S\$105.4 million to S\$180.9 million in FY2018 mainly due to increased revenue.

The Group's assets held for sale related to a property under redevelopment.

The Group's trade and other payables decreased by S\$10.1 million mainly due to a decrease in goods-in-transit .

The Group's loans and borrowings as well as loan from immediate holding company increased by S\$275.0 million and S\$23.1 million respectively. These were mainly to fund the acquisition of Lee Metal as well as higher inventory purchases, in tandem with increased volume at higher costs.

The Group's provisions increased by S\$8.4 million mainly due to provisions made for onerous contracts by Lee Metal.

Net cash flows used in operating activities were mainly for inventory purchases. Net cash flows from financing activities of S\$195.1 million were largely for the acquisition of Lee Metal.

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 FY2018 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

The latest quarterly real estate statistics published by the Urban Redevelopment Authority of Singapore (URA) (on 26 October 2018)¹ and the Jurong Town Corporation (JTC)² showed a continuing improvement in the "planned development", or construction supply pipeline, numbers for private residences, executive condominiums, offices, hotels and industrial properties, increasing by between 0.1% and 19.9% from the second quarter to the third quarter of 2018. The only exception was in retail developments, which fell 7.7% from 65,000m² to 60,000m² under planned development.

On the other hand, the supply pipeline for public residential housing has shrunk unexpectedly. While the Housing & Development Board (HDB) had indicated on 26 January 2018 that it would launch about 17,000 new flats for sale in 2018³, the actual total Build-To-Order (BTO) flats launched for 2018 totaled only 15,811 units with the introduction of 3,802 BTO flats across the towns of Sembawang, Sengkang, Tengah, Yishun and Tampines during the month of November⁴. This is close to the low of the 15,000 BTO units launched in 2015, compared with an average of 17,738 and 24,970 BTO flats launched per year respectively during the periods 2016-2017 and 2011-2014⁵.

This construction demand landscape represents a mixed picture for the reinforcing steel industry. Although the multi-year decline in construction demand may have bottomed out, its improvements have been moderate rather than clear and strong. In particular, the new property curbs introduced by the government on 5 July 2018 had greatly dampened the surging collective sales market, which would have continued to lead the resurgence in construction demand. This, coupled with the unexpected decline in public sector residential supply, negatively impacts the prospects of the reinforcing steel industry at this point in time. In any case, we expected profit margins to remain subdued, as the Group (which now includes Lee Metal Group) is working hard to fulfill the projects that had been taken during the construction industry downturn over the last few years.

11 Dividend

(a) Current Financial Period Reported On

	2018	
Name of dividend	Final (one-tier) tax exempt	Interim (one-tier) tax exempt
Dividend type	Cash	NIL
Dividend rate	1 Singapore cent per ordinary share*	NIL
Date paid / payable	To be advised	NIL

*Subject to shareholders' approval

(b) Corresponding Period of the Immediately Preceding Financial Year

	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

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

^[1] <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr18-63>

^[2] <https://stats.jtc.gov.sg/content/static/Documents/JTC%20Quarterly%20Market%20Report%20for%203Q2018.pdf>

^[3] <https://www.hdb.gov.sg/cs/infoweb/press-releases/26012018-release-of-4th-quarter-2017-public-housing-data>

^[4] <https://www.hdb.gov.sg/cs/infoweb/press-release/13112018-bto-launch-nov>

^[5] In the years 2011, 2012, 2013, 2014, 2015, 2016 and 2017, according to data obtained from HDB's website, HDB launched 25,200, 27,084, 25,139, 22,455, 15,000, 17,891 and 17,584 BTO flats respectively.

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 SEGMENT

Group segmental results	Fabrication and Manufacturing \$'000	Others \$'000	Adjustments and eliminations \$'000	Total for continuing operations \$'000
For year ended 30 September 2018				
Revenue:				
External customers	567,009	-	-	567,009
Inter-segment	-	-	-	-
Total revenue	<u>567,009</u>	<u>-</u>	<u>-</u>	<u>567,009</u>
Results:				
Interest income	1,086	108	(41)	1,153
Interest expense	(5,124)	-	41	(5,083)
Dividend income	5	-	-	5
Depreciation	(9,521)	(352)	-	(9,873)
Share of results of joint venture	777	-	-	777
Share of results of associate	-	(1,605)	-	(1,605)
Other non-cash expenses / (income)	8,845	-	-	8,845
Income tax expense	(3,533)	(74)	-	(3,607)
Segment profit / (loss)	13,477	(1,434)	-	12,043
Assets:				
Segments assets	642,511	70,875	(14,644)	698,742
Interest in joint venture	12,116	-	-	12,116
Interest in associate	-	11,477	-	11,477
Segment liabilities	(474,679)	(1,671)	14,644	(461,706)
For year ended 30 September 2017				
Revenue	310,148	-	-	310,148
Inter-segment	-	-	-	-
	<u>310,148</u>	<u>-</u>	<u>-</u>	<u>310,148</u>
Results:				
Interest income	621	-	-	621
Interest expense	(1,535)	-	-	(1,535)
Dividend income	5	-	-	5
Depreciation	(7,158)	-	-	(7,158)
Share of results of joint venture	1,746	-	-	1,746
Share of results of associate	-	(1,449)	-	(1,449)
Other non-cash expenses / (income)	7,840	-	-	7,840
Income tax expense	1,152	-	-	1,152
Segment profit / (loss)	3,321	(1,449)	-	1,872
Assets:				
Segments assets	314,882	6,714	-	321,596
Interest in joint venture	11,650	-	-	11,650
Interest in associate	-	6,714	-	6,714
Segment liabilities	(154,276)	-	-	(154,276)

GEOGRAPHICAL LOCATION

Group segmental results

	Singapore \$'000	China \$'000	Malaysia \$'000	Maldives \$'000	Total for continuing operations \$'000
For the year ended 30 September 2018					
Revenue	531,615	-	35,394	-	567,009
Non-current assets	148,914	12,116	14,121	-	175,151
Group segmental results					
For the year ended 30 September 2017	Singapore \$'000	China \$'000	Malaysia \$'000	Maldives \$'000	Group \$'000
Revenue	278,403	-	31,745	-	310,148
Non-current assets	75,769	11,650	13,590	-	101,009

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

	2018 \$'000	2017 \$'000	% + / (-)
Sales reported for first half year	211,242	148,851	42
Profit after tax reported for first half year	4,107	1,989	106
Sales reported for remaining period	355,767	161,297	121
Profit after tax reported for remaining period	8,189	484	1,592

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

	2018 \$'000	2017 \$'000
Total Annual Dividend	\$'000	\$'000
Ordinary	-	4,472

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 2018	12 months ended 30 September 2017
HG Construction Steel Pte Ltd	Nil	Sales – S\$623,000
HG Metal Manufacturing Pte Ltd	Nil	Sales – S\$38,000

*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

Not Applicable

ON BEHALF OF THE BOARD OF DIRECTORS

Seah Kiin Peng
Executive Director

Singapore
23 November 2018