BRC Prefab
The Art of Reinforcing

Prefab for Productivity

ANNUAL REPORT 2016

CONTENTS

Chairman's Message

"I AM PLEASED TO REPORT THAT BRC STILL MADE A NET PROFIT OF S$8.34 MILLION FOR ITS FINANCIAL YEAR ENDED 30 SEPTEMBER 2016 (FY2016), AT THE SAME TIME WE MANAGED TO EXPAND OUR MARKET PRESENCE."

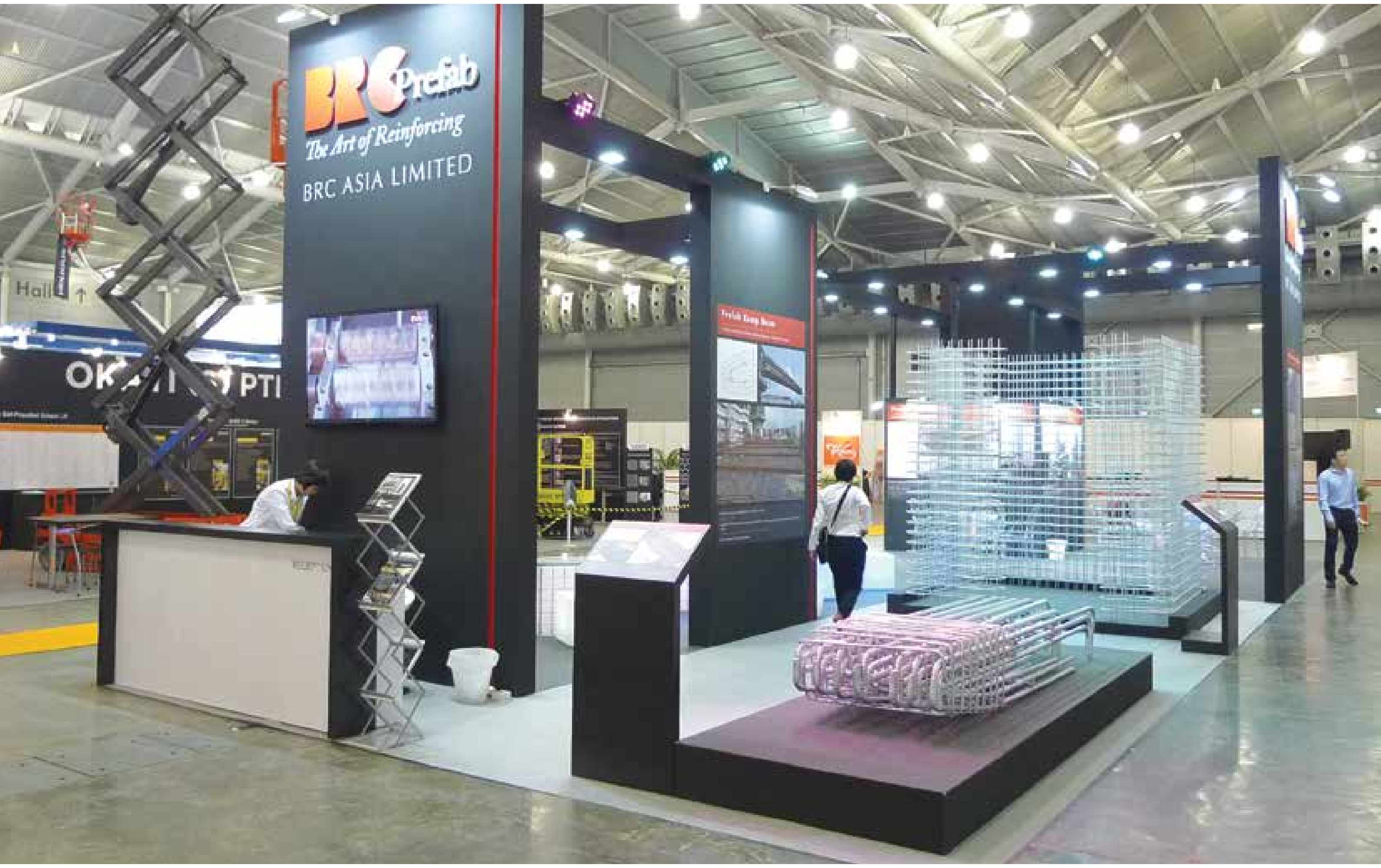
MR. SIA LING SING
Non-Executive Chairman
BRC Asia Limited

Dear Shareholders,

2016 marked another busy year for the Group as we once again broke records for the amount of steel delivered to customers. Despite this, net profits fell to the lowest level in five years in a challenging and down-trending Singapore property and construction market environment. This was in spite of a sudden but short-lived sharp rise in steel costs and prices from March to July, which softened the impact on margins that had been plummeting for more than twelve months.

The backdrop to this is a slowing Singapore economy. In 2015, Singapore's Gross Domestic Product (GDP) grew by 2.0%, down from 2.9% a year earlier, and the Singapore government has narrowed 2016's expected growth forecast from 1.0-3.0% to only 1.0-1.5%. One important indicator of slowing economic activity is the level of labour layoffs, which have hit a seven-year high in the first nine months of 2016 according to the Ministry of Manpower (MOM). A total of 13,730 workers were laid off from January to September, compared to 10,220 during the same period a year earlier, and the highest since 21,210 workers were laid off in the first nine months of 2009. According to the MOM, *"The decline was primarily due to contractions in the manufacturing and construction industries..."*, reflecting *"the current subdued global economic conditions and ongoing economic restructuring."*

It is therefore unsurprising that the Real Estate Sentiment Index (RESI), which measures the perceptions and expectations of real estate development and market conditions in Singapore, continued to remain weak (under 5.0) in 2016, indicating deteriorating market conditions. This is further borne out by rising vacancy rates and declining rentals for private homes. In the third quarter of 2016, vacancies hit a high of 8.7%, compared to 7.8% a year ago, while rentals had dropped by 10.7% during the same period. At the same time, private home prices across Singapore had continued to decline, down by 10.8% from their peak in the third quarter of 2013. As the pipeline of



building projects continued to thin, main contractors were compelled to tender at increasingly cut-throat prices, sending a shuddering effect down the construction supply chain, which the reinforcing steel sector is an integral part of.

Notwithstanding the worsening business climate, I am pleased to report that BRC still made a net profit of S$8.34 million for its financial year ended 30 September 2016 (FY2016), at the same time we managed to expand our market presence.

Be that as it may, given that we are not far into the property and construction market downward cycle, we can expect 2017 to be an equally, if not more, challenging year.

In Malaysia, we have started to make better inroads in penetrating the local market through our wholly-owned subsidiary, BRC Prefab Holdings Sdn Bhd. We expect to accelerate this process in the coming year.

In 2016, our share of results from our joint venture in China (JV) was S$550,000. The prospects of our JV remained weighed down by a weak Chinese economy that is expected to grow at the slowest pace in a quarter of a century as it tries to manage a soft landing amidst structural challenges such as overcapacity and ballooning debt.

During our last financial year in 2015 (FY2015), BRC undertook a successful five-into-one ordinary share consolidation exercise. In FY2015, BRC paid out a total dividend of 0.50 Singapore cents per ordinary share pre-share consolidation, and 2.00 Singapore cents per ordinary share post-share consolidation. In view of the substantially lower level of profits, and the challenging business landscape going forward, we will like to propose a final dividend of 2.40 Singapore cents per ordinary share for FY2016.

Finally, as Chairman of the Board of Directors of BRC Asia Limited, I will like to take this opportunity to express my sincere appreciation to our shareholders, customers, bankers, business associates, suppliers and vendors for their unwavering support of BRC. Last but not least, I will like to thank the management and staff of BRC for their commitment, hard work and dedication, and my fellow Board colleagues for their invaluable counsel and support.

主席致词

“即便商业环境恶化，本人欣慰的向各位汇报，BRC在2016年9月30日截止的财政年度内（FY2016）仍然赚取净利润8百34万新元，同时继续扩展了我们的市场占有率。”

谢连成
非执行主席
BRC Asia Limited

尊敬的各位股东，

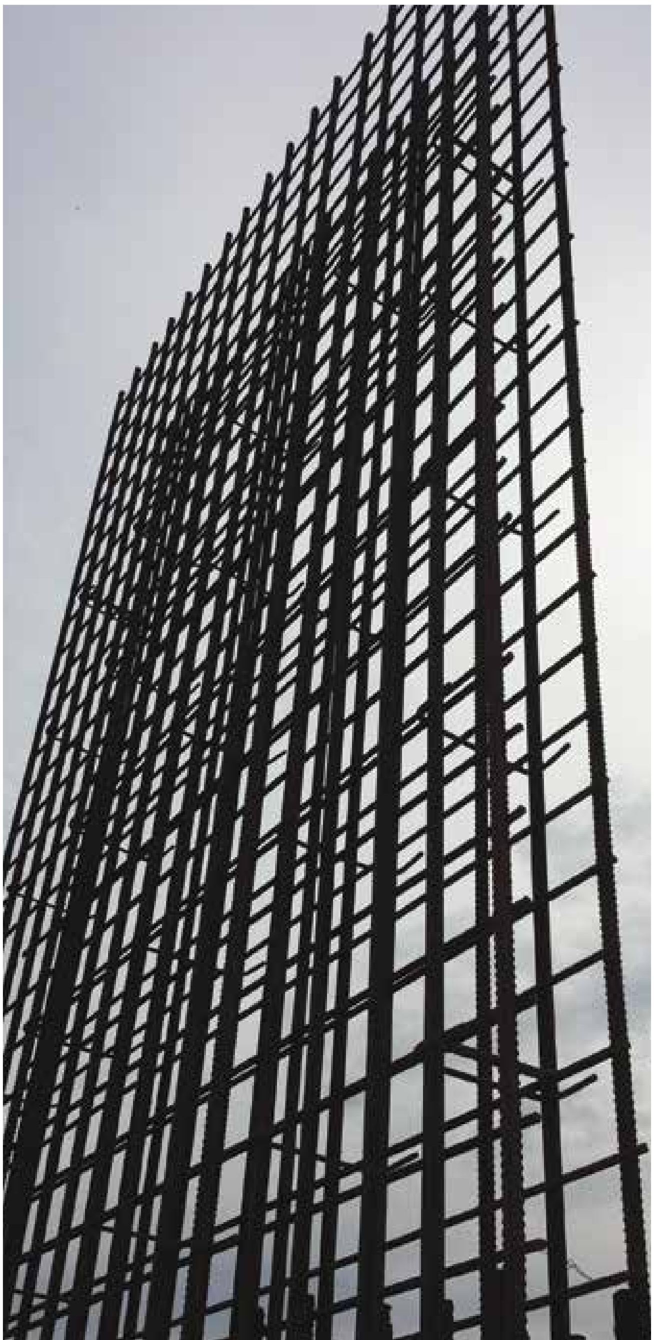
2016 年标识着 BRC 集团又一个繁忙年份，在钢筋产品销量上我们再次刷新了纪录。但是，由于新加坡房地产持续下行，以及极具挑战性的建筑市场环境，公司净利润下滑到五年来的最低水平。这包含了三至七月份钢筋成本及价格短暂的急度上升，稍缓了已经暴跌了超过十二个月的利润率的持续压力。

新加坡经济环境正在持续放缓，在 2015 年，新加坡国内生产总值 (GDP) 增长 2.0%，低于一年前的 2.9%。新加坡政府也将 2016 年的经济预期增长预测从原本的1.0%-3.0% 调整为仅仅的 1.0%-1.5%。裁员的水平是经济活动放缓的其中一个重要的指标，根据人力部 (MOM) 的数据，2016 年前九个月的人工裁员量是七年来的最高。从一到九月份，共有13,730 名员工被解雇，而去年同期这个数据是 10,220。这也是自 21,210 名员工在 2009 年的前九个月被解雇以来的新高。据人力部所言，“下降主要是因为制造业以及建筑业的萎缩…”，反映了“当前低迷的全球经济环境以及持续的经济结构调整。”

因此，房地产景气指数 Real Estate Sentiment Index (RESI) - 其测量对新加坡房地产发展与市场条件的感知与期望 - 在 2016 年继续保持疲弱 (低于5.0)，表示市场条件继续恶化。私人住宅空置率的上升以及租金的下跌进一步体现了这一点。在 2016 年的第三季，空置率达 8.7% 的高点（去年同期：7.8%），而租金在同期也下滑了 10.7%。与此同时，新加坡的私人住宅价格继续下降，比起 2013 年第三季的高峰已经下跌了 10.8%。随着建筑项目量的持续薄弱，总承包商被迫以越来越低的价格标取项目，直接对建筑供应链包括钢筋行业在内的企业产生了负面的影响。

即便商业环境恶化，本人欣慰的向各位汇报，BRC 在2016年9月30日截止的财政年度内（FY2016）仍然赚取净利润 8百34万新元，同时继续扩展了我们的市场占有率。

尽管如此，但鉴于房地产及建筑市场的下行周期刚刚开始不久，我们可以预期 2017 年的挑战性将不会低于今年。



在马来西亚，通过子公司BRC Prefab Holdings Sdn Bhd，对进入那里的本地市场我们在2016年取得了比较大的进展。在来临的一年里，我们期望加快这一方面的步伐。

在2016年，我们在中国的合资企业（JV）为BRC带来了55万新元的正面贡献。然而，中国经济持续薄弱，它正在转型当中。今年预期的增长将是二十五年来的最低。因此，JV目前的市场前景也是偏淡的。

在上一个财政年度里（FY2015），BRC成功的将每五股普通股合成一股。在FY2015，合股前BRC派发了每普通股新元0.50分的股息，而合股后且派发了每普通股新元2.00分的股息。FY2016，考虑到公司的盈利比起去年减低了许多，也考虑到商业前景将具挑战性，我们提议派发每普通股新元2.40分的终期股息。

最后，作为BRC集团的主席，本人谨借此机会感谢我们的股东、客户、银行家、业务伙伴及供应商对BRC坚定不移的支持。本人还要感谢BRC管理层及全体员工所付出的努力及奉献，感谢董事会董事们的指导和支持，谢谢！

Operations & Financial Review

"AS AT 30 SEPTEMBER 2016, BRC REMAINED IN A STRONG AND HEALTHY FINANCIAL POSITION AFTER A HARD AND CHALLENGING YEAR, WITH NET ASSETS OF S$171.6 MILLION."

MR. SEAH KIIN PENG
Executive Director
BRC Asia Limited

For BRC's financial year ended 30 September 2016 (FY2016), we built on last year's record to deliver even more steel to our customers. However, due to lower average steel cost and selling price, revenue fell 9.9% year-on-year to S$346.8 million. The gross profit margin for FY2016 was maintained at the previous year's level of 8.3% due to a sudden but short-lived uplift in gross margins from March to July, buffering the otherwise declining profitability for the rest of the financial year. Hence, gross profit only fell 10.4% year-on-year to S$28.7 million. If gross margins were at October 2015 to February 2016, or August to September 2016 levels, overall gross profit margin would be substantially lower than 8.3%. As Singapore's property and construction activities continued to moderate in 2016, the related supply chains, which expanded substantively during the construction boom over the last few years, was forced to adapt to relatively anemic demand. Expectedly, market competition became increasingly severe and irrational.

Expenditure-wise, the 19.1% decrease in distribution expenses to S$4.5 million in FY2016 as compared to the previous financial year (FY2015) was mainly a result of lower personnel costs and reduction in prompt payment discounts given to customers. Lower personnel-related costs contributed to a decrease in administrative expenses by 11.0% year-on-year to S$7.3 million. Overall, while expenses excluding foreign exchange (forex) gain/loss for FY2016 was only 14.5% lower year-on-year, net profit dived 45.8% from S$15.4 million in FY2015 to S$8.3 million in FY2016. This was almost entirely attributable to a S$4.4 million forex loss suffered in FY2016 versus a forex gain of S$4.3 million taken in in FY2015. These forex gains and losses were on currency forward contracts entered into by BRC to hedge purchase commitments for raw materials denominated in US dollars. As BRC does not adopt hedge accounting, changes to the fair values of foreign currency forward contracts are recognised in profit or loss.

As at 30 September 2016, BRC remained in a strong and healthy financial position after a hard and challenging year, with net assets of S$171.6 million. At the same time, we have strengthened our management team by bringing in several senior specialists to BRC.

Across the border in Malaysia, our foray into the local market there is taking good shape with the building of an experienced local team, and the addition of a sales office in the central region. We plan to move quickly in

the coming year to further our market position in this new market.

In China, while our 50:50 joint venture (JV) is profitable, contributing S$550,000 to our FY2016 bottom line, continuing difficult macroeconomic conditions in China means that the JV's prospects remain dim going forward.

Given the current business environment, the next few years are expected to remain tough, as supply is expected to continue to outstrip demand. Even so, I am not unduly worried. A downturn is a good time for a shakeout, separating the men from the boys. BRC is at the forefront of the prefabrication of steel reinforcement, pioneering the concept more than a decade ago when nobody believed in it, and persevering with it since against all odds, developing and innovating an array of **Total Reinforcing Steel Solutions** delivered on a **Just-in-Time** basis that have, over time, proven to assist building contractors to construct **Better • Faster • Cheaper**, saving them time, labour and money. Our efforts, and the productivity results, fortunately, have not gone unnoticed, with increasing recognition by the Singapore building authorities that prefabricated steel reinforcement is one area that can benefit the ongoing national drive to raise construction productivity. We shall continue to refine our **Solutions** in partnership with the Singapore building and construction fraternity to make a difference to the buildability and constructability of building projects in Singapore and, over time, strive to bring this concept over to Malaysia. Meanwhile, we are also focused on tightening our controls to ensure that our operations and processes are as lean, fit and productive as they can possibly be.

In the longer term, there are many major building projects we can look forward to all over Singapore. In the north, there will be rail transit link to Johor, as well as a Punggol cluster which will be anchored by a new Singapore Institute of Technology campus. Over on the eastern side, Changi air hub and Terminal 5 will be built. Down south, a new Southern Waterfront City three times the size of Marina Bay will spring up as the port is moved to the west. On the western side of Singapore, a second Central Business District will be built together with the high speed rail terminus between Kuala Lumpur and Singapore. Last but not least, once Paya Lebar Airport in the centre is re-located to the east, 800 hectares of land will be freed up for development.

So, while the business environment right now is anything but desirable, and there may be dark clouds on the horizon, but for the fittest survivors, there may be much to cheer about down the road. I will like to take this opportunity to wish all shareholders a happy, healthy and prosperous new year!

业务及 财务回顾

“截止2016年9月30日，在经过了艰难和具挑战性的一年，BRC的财政状况仍然保持强健，净资产为1.72亿新元。”

谢敬平
执行董事
BRC Asia Limited

BRC 在 2016 年9月30日截止的财政年度内（FY2016）再次突破了去年创纪录的钢铁量。虽然如此，营收下降了 9.9%至 3.47亿新元。这是因为钢筋成本及销售价格较低于上个财政年。但，因钢筋成本及价格在三至七月份之间短暂的极速上扬，稍缓了持续下行利润率的压力，FY2016的毛利润率仍然与去年的 8.3% 相等。因此，毛利润仅仅下跌了10.4% 至 2,870万新元。如果利润率维持在 2015年10月到2016年2月或 2016年8至9月份的水平，总毛利润率将会大大低于8.3%。在2016年，当新加坡房地产与建筑的活动量持续缓慢时，在前几年蓬勃时期扩张的相关供应链被逼面对疲弱的需求量。这导致市场竞争变得越来越激烈，越毫无理性。

在开支方面，FY2016 的经销费用随着较低的人员成本及较少的准时付款折扣比起去年降低了19.1%至450万新元。较低的人员相关成本也促使行政开支减少11.0% 至 730万新元。总的来说，虽然除去外汇损益的FY2016 开支只是较去年低14.5%，净利润却从 FY2015 的 1,540万新元猛跌 45.8% 至 FY2016 的830万新元。这几乎可完全归咎于外汇损益方面，比起FY2015 的 430万新元收益，FY2016 却亏损了440万新元。原材料的购买以美元计价，损益产生于BRC为套期保值而订的外币远期合约。由于BRC 没有采纳套期会计，外币远期合约的公允价值变动于是被计入损益。

截止2016年9月30日，在经过了艰难和具挑战性的一年，BRC 的财政状况仍然保持强健，净资产为1.72亿新元。与此同时，我们引入了数位高级专才，加强了BRC的管理团队。

马来西亚方面，我们进入当地市场的计划正通过新建立的资深当地团队在推进中。在中部也成立了销售办事处。我们计划在来临的一年里在这个新市场迅速扩展我们的市场地位。

在中国，虽然我们的合资企业（JV）处于盈利状态，为 BRC 的 FY2016 贡献 55万新元，中国持续艰难的宏观经济条件对JV的前景带来不利的影响。

介于当前的商业环境，未来几年将还是艰难的，因为供应预期将继续超越需求。即使是这样，我对此不会过于担忧。低迷时期是市场洗牌的好时机，是分辨强与弱者的好机会。BRC 走在钢筋预制的最前沿，在十多年前，还没有人对钢筋预制有信心的时候就开拓了这个市场，并坚持至今，也开发了一系列即时交送的全面钢筋解决方案。随着时间的推移，这些解决方案已经证明可以帮助建筑商施工过程做得**更好 • 更快 • 更便宜**，使得他们能够省时间、省人力和省金钱。幸好，我们的努力以及这些方案对提高生产力的成绩没有被忽视。新加坡的建设主管部门已经渐渐认识到可以帮助国家提高建筑生产力运动的其中一个领域是通过预制钢筋的使用。我们将继续改进我们的解决方案，与新加坡建筑业者们一同为提高新加坡建筑项目的可造性及可建性而努力，并且希望能够在不久的将来把这个理念引入马来西亚。与此同时，我们也将专注于加强内部管控，以确保我们的业务与流程是精准高效的。

从比较长远来看，我们可以期待将会有许多重大建筑项目遍布新加坡各地。在北部，将有一个到柔佛的轨道交通联接，以及一个以新成立的新加坡技术学院为中心的榜鹅群区。东部方面将会兴建樟宜航空枢纽以及第五航站楼。展望南部，随着港口的迁移，一个比滨海湾大三倍的江边城市将兴起。在新加坡的西部，我们的第二中央商业区将与吉隆坡-新加坡高铁站一同建设。最后，当巴耶利巴机场迁移到东部时，八百公顷的土地将被释放用于发展。

所以，虽然现在的商业环境是不理想的，而且天边乌云密布，但，对最强的生存者来说，将会在雨过天晴后看到彩虹。借此机会，本人预祝所有股东们新年快乐，身体健康，财源广进！

Board of Directors

MR. SIA LING SING

Non-Executive Chairman

Appointed on 3 November 2008

Mr. Sia Ling Sing, the Non-Executive Chairman, was appointed to the Board in 2008. Mr. Sia is the Managing Director of the Lingco Group of companies, which are involved in shipbuilding and ship chartering. He is a businessman with more than 30 years of experience in the shipping industry.

MR. LIM SIAK MENG

Group Managing Director

Appointed on 2 June 1992

Mr. Lim Siak Meng, the Group Managing Director, has more than 30 years of experience in the construction industry. Mr. Lim is responsible for the business performance of the Group. He provides leadership and direction for our Group, and oversees the development and implementation of our business plans and strategies.

MR. SEAH KIIN PENG

Executive Director

Appointed on 1 March 2010

Mr. Seah Kiin Peng, the Executive Director, joined the Group in March 2010. Mr. Seah is responsible for assisting the Group Managing Director in strategic development of local and overseas business units and corporate governance matters, as well as spearhead the development of overseas businesses. He is also overall-in-charge of the management information system of the Group. Prior to joining the Group, he was the General Manager of a group of companies in the shipping business. Mr. Seah started his career with the Singapore Foreign Service after graduating with Bachelor and Masters of Science in Management from the London School of Economics and Political Science.

MR. OOI SENG SOON

Independent Director

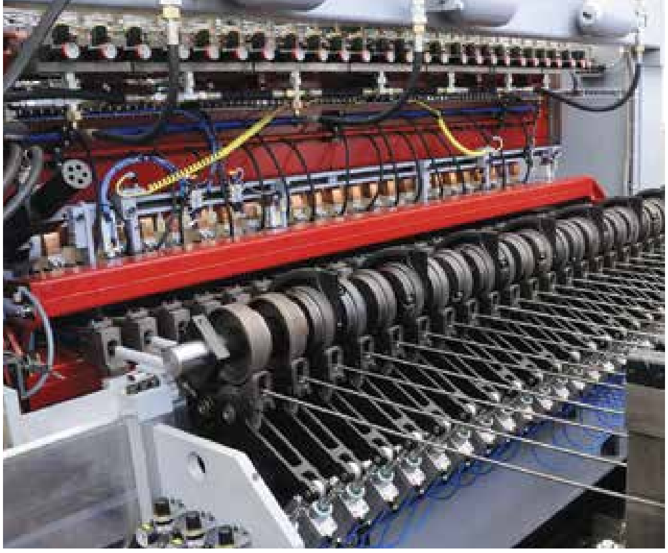
Appointed on 23 January 2009

Mr Ooi Seng Soon was appointed as an Independent Director on 23 January 2009. With more than 23 years of experience in banking and finance, Mr Ooi had worked in various positions in ABN Amro Bank from 1974 to 1996, before joining Oversea-Chinese Banking Corporation, where he headed the Enterprise Banking division of the Bank of Singapore from 1997 to 1998 before his retirement.

Mr Ooi had previously served as independent director of NH Ceramics (now known as Blackgold Natural Resources Limited), a company listed on Catalist, and HG Metal Manufacturing Limited, a company listed on the SGX-ST. He is currently an independent director of HC Surgical Specialists Limited which is listed on Catalist. He has been actively involved in board matters, having acted as Chairman of various board committees such as the audit committee and remuneration committee.

Mr Ooi graduated from the University of Singapore with a Bachelor of Arts in 1971.

Board of Directors



MR. LAU ENG TIONG
Non-Executive Director
Appointed on 1 October 2009

Mr. Lau Eng Tiong, a Non-Executive Director, is the Managing Director of Sin Teck Guan Pte Ltd. He has more than 25 years of experience in the business of heavy machinery and equipment trading.

MR. TAN LEE MENG
Independent Director
Appointed on 23 January 2009

Mr. Tan Lee Meng, an Independent Director, started his career in 1994 assisting his family in establishing operations in Malaysia where he set up Winspark Sdn Bhd and Jing Ma Property Sdn Bhd, serving as director overseeing the construction-and property-related businesses. In 1996, he was appointed as a director of Asia Progress International Pte Ltd to participate in the Masterplan for Information Technology in Education to roll out the IT-training for MOE teachers islandwide. In 2000, responding to the dot.com boom, he set up LinksTech Holding Pte Ltd to provide strategic investments in dot.com companies. Since then, he has been providing investment and consultancy services and serves as director overseeing the investments by his companies.

MR. FOO SEY LIANG
Non-Executive Director
Appointed on 31 March 2015

Mr. Foo Sey Liang, a Non-Executive Director, is also an Executive Director of HG Metal Group. Mr. Foo has over 20 years of experience in the construction business.

Key Executive Officers

The names, duties / responsibilities and working experience of our Key Executive Officers are set out below:

MR. KAINZ JUERGEN
Plant Manager

Mr. Kainz Juergen is an Austrian engineer with more than 10 years' of experience in mesh and cut/bend machinery. Mr. Kainz oversees the mesh production and operation matters of the Company. He is also responsible for machinery development and maintenance for the Group.

MS. LEE CHUN FUN
Group Financial Controller

Ms. Lee Chun Fun began her career in auditing with a public accounting firm and has more than 25 years of experience in finance, treasury and credit control functions. Ms. Lee is responsible for the Group's financial and treasury management. She also oversees the Human Resource administration.

Ms. Lee holds a Master's Degree in Business Administration from the University of Strathclyde and a Bachelor's Degree in Accountancy from the National University of Singapore.

MR. LIU KWAI WAH
Senior manager, IT

Mr. Liu Kwai Wah joined the company in 2016 as Head of the Information Technology Department, and is responsible for the operations of the department and development of IT solutions to achieve efficiency in the continuity and growth of the business.

Mr. Liu has many years of experience in the IT Industry, including Principal of IT Consulting Group in a big public accounting firm. Mr. Liu holds a Bachelor's Degree in Mathematics from the University of Singapore, Certified Diploma in Accounting and Finance and Master's Degree of Business Administration from the University of Hull.

MR. NGE KWAN MIN
Chief Executive Officer, BRC Prefab Holdings Sdn Bhd

Mr. Nge Kwan Min joined BRC Prefab Holdings Sdn Bhd in April, 2016 as the Chief Executive Officer. He has more than 30 years of experience in the construction industry.

Mr. Nge is responsible for the growth and business performance of BRC Prefab Holdings Sdn Bhd within the Malaysian construction industry.

Prior to joining BRC Prefab Holdings Sdn Bhd, Mr. Nge was involved in the steel reinforcing industry as the Chief Operating Officer of Southern Steel Mesh. He was also involved in the steel foundation industry within South East Asia as the Chief Executive Officer of Oriental Sheet Piling (OSP), a business unit of Arcelormittal.

Mr. Nge has a Bachelor's Degree in Engineering (Civil) from the University of North Dakota, USA.

MR. LAU WEE MIN
Corporate Communications Manager

Mr. Lau Wee Min is responsible for brand management and he oversees the creative design of BRC's products and promotional materials. In addition, Mr. Lau is responsible for inventory logistics and storage yard operations.

Mr. Lau holds a Bachelor's Degree (Honours) in Product Design from Kent University (UK).

MR. LIM JUN DA
Manager, Corporate and Marketing Services

Mr. Lim Jun Da serves as the legal counsel to the Group and is responsible for resolving and preventing contractual disputes, in addition to assisting the Group Managing Director for corporate and marketing matters.

Mr. Lim graduated in 2013 from the Singapore Management University with a Bachelors in Law (LL.B.) and was admitted to the Singapore Bar as an advocate and solicitor in 2014. Having practiced for 2 years in the fields of shipping & admiralty and corporate insolvency law, Mr. Lim joined the Group in 2016.

MR.ONG LIAN TECK
Group Business Development Manager

Mr. Ong Lian Teck oversees the Sales and Marketing Department and is responsible for formulating marketing plans and strategies as well as the delivery of engineering support services to customers.

Mr. Ong also assists the Group Managing Director in steel procurement and business development efforts.

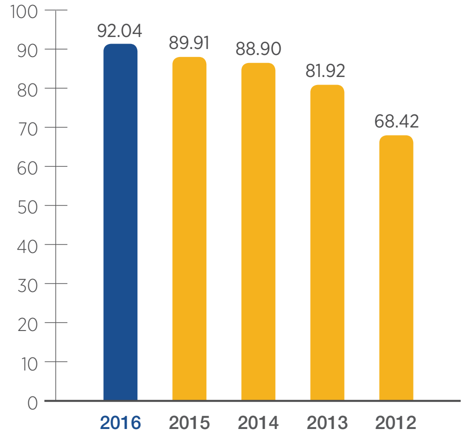
He has been with the Company for over 17 years and graduated from Nanyang Technological University with a Bachelor's Degree (Honours) in Engineering (Civil).

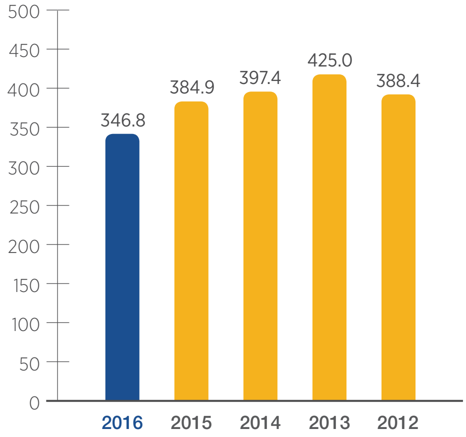
MR. TAN LAU MING
Works Manager

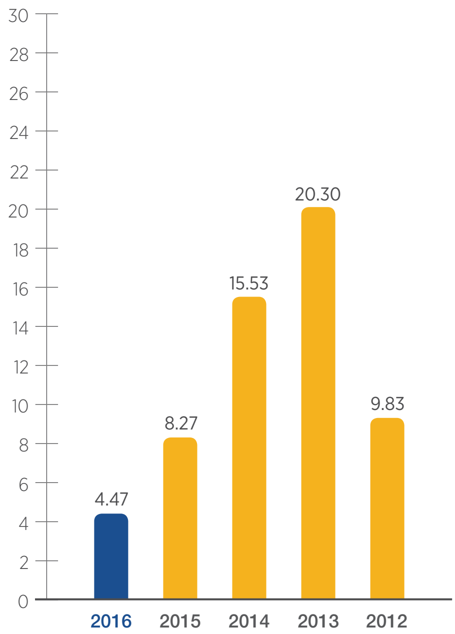
Mr. Tan Lau Ming has more than 25 years of experience in production operations which include manufacturing, planning, resource allocation, industrial engineering and process control. Mr. Tan is responsible for cut/bend and prefabrication production and operational matters of the Company. He oversees safety, security and dormitories.

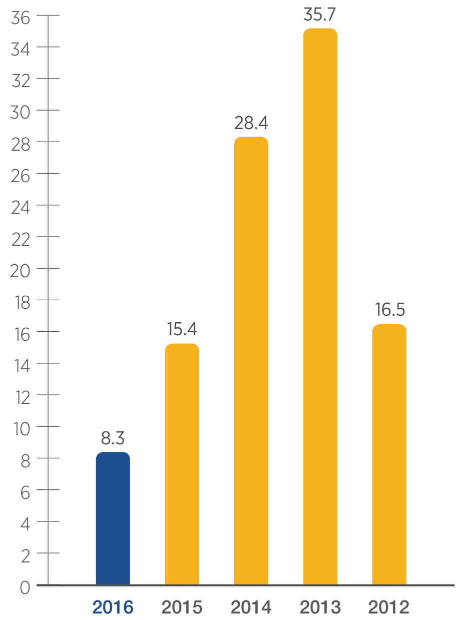
Mr. Tan has a Master's Degree in Engineering management from the University of Wollongong.

Financial Highlights









Group Financial Results	2016	2015	2014	2013
Revenue ($'000)	346,752	384,927	397,365	425,024
Profit before tax ($'000)	10,143	18,486	33,233	43,683
Profit after tax ($'000)	8,341	15,403	28,433	35,664
Net assets employed ($'000)	171,612	167,862	166,784	146,274

Per Share Data				
Basic earnings per share (cents)	4.47	8.27	15.53 (1)	20.30 (1)
Net tangible assets per share (cents)	92.04	89.81	88.90 (1)	81.92 (1)

(1) On 21 August 2015, the company completed a share consolidation for every five existing issued ordinary shares of the Company into one ordinary share and earning per shares and net tangible assets per share for the comparative period had been adjusted for the effects of the share consolidation.

Corporate Governance Report

INTRODUCTION

BRC Asia Limited ("**BRC**" or the "**Company**") and its subsidiaries (the "**Group**") are committed to achieving high standards of corporate governance and transparency practices for the protection of interests of shareholders and enhancement of shareholders' value, which is essential for the long-term sustainability of the Group's businesses and performance.

This report outlines the BRC's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "**Code**").

The Group is generally in compliance with the principles and guidelines as set out in the Code. Where there are specific deviations from the Code, the Board of Directors (the "**Board**") considers that the alternative corporate governance practices adopted by the Company are sufficient to meet the underlying objectives of the Code.

(A) BOARD MATTERS

Principle 1: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board, in addition to its statutory responsibilities, is primarily and collectively responsible for overseeing the business and affairs of the Group. Every Board member is expected to act in good faith, be honest and diligent in exercising his independent judgement in the best interests of the Group.

All board appointments are made based on merit, in the context of skills, experience, core competencies, independence and other relevant factors, having due regard for the benefits of diversity on the Board and the contribution that the selected candidates will bring to the Board.

Upon appointment or re-election to the Board, each Director receives a formal letter which sets out the Director's duties and obligation. All new Directors are briefed on the Group's history, business activities, strategic direction, core values and corporate governance practices. The Company will make arrangement for a newly appointed director who does not have prior experience as a director of a listed company to attend relevant training on the roles and responsibilities of a director of a listed company. All fees incurred for trainings are at the expense of the Company.

The directors are provided with updates in regulatory changes such as changes to the Companies Act and financial reporting standards, continuing listing obligations as well as industry-related matters within good time so as to keep abreast of relevant developments to enhance their performance as board or board committee members.

Composition of the Board of Directors

The Board of Directors consists of:

Mr. Sia Ling Sing	(Non-Executive Chairman)
Mr. Lim Siak Meng	(Group Managing Director)
Mr. Seah Kiin Peng	(Executive Director)
Mr. Ooi Seng Soon	(Lead Independent Director)
Mr. Tan Lee Meng	(Independent Director)
Mr. Lau Eng Tiong	(Non-Executive Director)
Mr. Foo Sey Liang	(Non-Executive Director)

Primary Functions of the Board

The primary functions of the Board are to:

- supervise and approve strategic direction of the Group;
- decide on policies covering corporate governance and business matters;
- review the business practices and risk management of the Group;
- review the Management performance of the Group;
- review and approve Interested Person Transactions;
- approve matters beyond the authority of the executives;
- ensure that there are policies and safeguards in the system of internal controls to preserve the integrity of assets;
- ensure compliance with legal and regulatory requirements;
- approve all communications with shareholders;
- approve recommendations made by the Audit, Nominating and Remuneration Committees; and
- consider sustainability issues such as environmental and social factors as part of its strategic plans.

Corporate Governance Report

Independent Judgement
All Directors are required to objectively discharge their duties and responsibilities in the best interests and benefit of the Company. Directors and Chief Executive Officer who are in any way, directly or indirectly, interested in a transaction or proposed transaction, including those identified within the Code and provisions of the Companies Act, Cap. 50 (the "**Act**") will declare the nature of their interests and not participate in any discussion and decision on the matter.

Delegation by the Board
To assist the Board in the discharge of its oversight function, various board committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, have been constituted to operate under the defined terms of reference. The terms of reference of the respective board committees are set out in this report. Each board committee, chaired by an Independent Director, has the delegated power to make decisions, executes actions or make recommendations within its terms of reference and applicable limits of authority. In addition, Committee of Directors has been formed to administer the Employees' Share Option Scheme of the Company.

The Company has specified in its procedure manual that transactions beyond the threshold limits of executives, be referred to the Board for approval. Material matters which require approval of the Board include new investments or increase in investments, material acquisitions or disposals of assets exceeding certain limits, share issues, all commitments to funding from banks and dividends payout.

BOARD'S CONDUCT OF AFFAIRS

The Board meets regularly and, when circumstances require, members of the Board exchange views outside the formal environment of Board meetings. Additional Board meetings will be convened when they are deemed necessary to address any significant issues that may arise in between the scheduled meetings. Ad hoc matters which required the Board's approval are dealt with through circular written resolutions, when necessary.

The record of attendance of the Directors at the Board and committee meetings for the financial year ended 30 September 2016 is as follows:

Name of Director	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Sia Ling Sing	4	4	–	–	–	–	–	–
Lim Siak Meng	4	4	–	–	1	–	1	1
Seah Kiin Peng	4	4	–	–	–	–	–	–
Ooi Seng Soon	4	4	4	4	1	1	1	1
Tan Lee Meng	4	4	4	4	1	1	1	1
Lau Eng Tiong	4	4	4	4	1	1	1	1
Foo Sey Liang	4	4	–	–	–	–	–	–

There was no meeting held for the Committee of Directors during the year.

Board papers are distributed in advance of the Board meetings so that Directors may better understand the matters prior to the meeting. Company Secretaries, Ms. Lee Chun Fun and Ms. Low Mei Wan assist the Chairman in the preparation of notices, Board papers and minutes of Board proceedings. They are also responsible for assisting the Chairman to ensure Board procedures are followed. They are also the primary channel of communication with Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). All Directors may where necessary, seek independent professional advice, paid for by the Company.

During the financial year, the Company Secretaries had provided updates to the Board on regulatory changes such as changes to the Act and the SGX Listing manual. Briefing was also provided to the Board by the Company's external auditor on the changes to new accounting standards.

Corporate Governance Report

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

COMPOSITION AND BALANCE

The Board consists of two Independent Directors, three Non-Executive Directors and two Executive Directors. The Nominating Committee, with concurrence of the Board, is of the opinion that the current Board's size and composition are considered appropriate for the Company's needs, taking into account the scope and nature of the operations of the Group, with an objective of achieving a good mix and diversity of skills and experiences, to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. Balance is further achieved as more than one-third of the Board is non-executive, thereby eliminating the risk of a particular group dominating the decision-making process.

Although the number of Independent Directors does not make up to at least one-third of the Board, a deviation from the guideline of the Code, all major decisions are reviewed by the Board and the Board believes that there are adequate safeguards and checks in place whereby Chairman of the Board who is a non-executive director and the Group Managing Director are not the same person. The Board will ensure that the process of decision-making by the Board is independent and based on collective decision without any concentration of power of influence.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. When dealing with challenging proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Non-Executive Directors were briefed on matters such as Board processes, corporate governance initiatives and industry development relating to the Company. Non-Executive Director's meeting may be scheduled on a need-be basis. During the year, there was no Non-Executive Director's meeting held.

None of the Independent Directors has any relationship with the Company, its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. No individual or group of individuals dominates the Board's decision-making process.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. The Independent Directors also review the performance of the Management in meeting goals and objectives and monitor the reporting of performance.

The profile of each Board member is provided on pages 9 and 10 of the Annual Report.

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

ROLE OF THE CHAIRMAN AND THE GROUP MANAGING DIRECTOR

Mr. Sia Ling Sing, appointed as Non-Executive Chairman with effect from 9 February 2009, leads the Board and has a clear role that is distinct from that of the Group Managing Director, Mr. Lim Siak Meng. The Chairman and the Group Managing Director are not immediate family members.

The Chairman ensures that Board meetings are held on a timely basis to deliberate, decide or approve matters which require the Board's attention. He leads all Board meetings, and will, prior to the meetings, review all Board papers and proposals before they are presented. If necessary, he will invite participation from advisors or management staff to facilitate in-depth discussions. He also ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction and informal meetings with Management.

The Chairman ensures effective communication with shareholders and facilitates effective contributions from the Non-Executive Directors. He is also responsible for promoting and maintaining high standards of corporate governance.

The Group Managing Director, Mr Lim Siak Meng who was appointed as a Director on 2 June 1992 has since served as an Executive Director of the Company. He is responsible for implementing the Group's strategies and policies as well as the daily management and operations of the Group.

Taking cognizance of the deviation from the guideline of the Code of having at least one-third of the Board being independent, the Audit Committee Chairman, Mr. Ooi Seng Soon has been appointed as the Lead Independent Director of the Company on 26 November 2014, and he is available to shareholders and any other persons where their concerns which cannot be resolved through the normal channel of the Chairman or for which such contact is inappropriate. The Lead Independent Director will meet Independent Directors of the Company without the presence of the other Directors, as and when required. Feedback will be given to the Chairman after such meetings.

Corporate Governance Report

His other specific roles as Lead Independent Director are to :

- lead the Independent Directors to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman and Group Managing Director to serve in such capacity and to contribute a balanced viewpoint to the Board;
- advise the Chairman and Group Managing Director as to the quality, quantity and timeliness of the information provided and/or submitted by Management that is necessary or appropriate for the Independent Directors to effectively and efficiently perform their duties; and
- assist the Board and Management of the Company in better ensuring compliance with and implementation of corporate governance.

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

NOMINATING COMMITTEE

The Nominating Committee consists of:

Mr. Tan Lee Meng	(Chairman)
Mr. Lim Siak Meng	(Member)
Mr. Ooi Seng Soon	(Member)
Mr. Lau Eng Tiong	(Member)

The Nominating Committee was set up in July 2000 for the purpose of ensuring that there is a formal and transparent process for all Board appointments. All the members are Non-Executive Directors except for Mr. Lim Siak Meng, an Executive Director. Furthermore, the Chairman is neither related to, nor a substantial shareholder in the Company.

The Nominating Committee's responsibilities as set out in its written terms of reference approved by the Board and its functions are to:

- recommend to the Board on relevant matters relating to (a) review of board succession plans for Directors (including Independent Directors), in particular, the Non-Executive Chairman and the Group Managing Director (or equivalent) taking into consideration each Director's contribution and performance; (b) the development of a process for evaluation of the performance of the Board, the Board Committees and Directors; (c) the review of training and professional development programmes for the Board; and (d) making evaluation, assessment and recommendations with respect to the selection and appointment of any proposed new directors and re-appointment of Directors (including alternate directors, if applicable);
- review whether the size of the Board is appropriate;
- review annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- review and determine annually, and as and when circumstances require, if a Director is independent;
- review where a Director has multiple board representations, whether the Director is able to and has been adequately carrying out his duties as director taking into consideration the number of listed company board representations of the Directors and other principal commitments;
- recommend Directors who are retiring by rotation to be put forward for re-election. The Constitution of the Company requires at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) to retire from office by rotation every year and each Director to retire from the office at least once every three years;
- review and approve any new employment of related persons and the proposed terms of their employment;
- recommend to the Directors, candidates for senior management positions and candidates for directorships (including executive directorships);
- review succession plans for senior management and recommend them to the Board for approval; and
- review that no individual member of the Board dominates the Board's decision making process.

During the year, the Nominating Committee met once, evaluating the Board's performance and independence of the Independent Directors as well as discussing the re-appointment of Directors who are subject to retirement at the forthcoming annual general meeting. All the committee members who were present at the Meeting participated in the discussions.

The process for the short-listing, selection and appointment of all new directors is spearheaded by the Nominating Committee. In the selection and nomination of new director, the Nominating Committee taps on the resources of the Directors' personal contacts for recommendation of potential candidates. External help (for example open advertisement, executive search consultants) may be used to source for potential candidates. The Nominating Committee meets with the short-listed potential candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations required before a decision is made for recommendation to the Board for approval. There was no new Director appointed by the Board during the year.

Corporate Governance Report

The Nominating Committee proposes to the Board, objective performance criteria for the evaluation of the Board's performance.

The Nominating Committee has reviewed the independence of Mr. Tan Lee Meng and Mr. Ooi Seng Soon and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, the Nominating Committee has considered the relationships identified by the Code and, additionally, that the Independent Directors are also independent from 10% shareholders of the Company. No individual or small group of individuals dominates the Board's decision making process. As of the date of this report, there is no Independent Director who has been appointed for more than nine years from the date of his first appointment.

The Constitution of the Company states that one-third or nearest to but not less than one-third of the Directors have to retire and subject themselves for re-election by the shareholders at every annual general meeting. In addition, all Directors of the Company are subject to the three-year rotation cycle applicable to directors of SGX-ST listed companies. Currently, no alternate director has been appointed in respect of any of the Directors.

The Board had accepted the Nominating Committee's recommendation to seek approval from Shareholders at the forthcoming Annual General Meeting to re-elect Mr Sia Ling Sing, Mr Lau Eng Tiong and Mr Tan Lee Meng, who will be retiring according to Article 99 of the Constitution of the Company. In reviewing the re-nomination of the Board members who are due for re-election as a Director of the Company, no member of the Board shall vote in respect of his own re-election.

When considering the re-nomination of Directors for re-election, the Nominating Committee also takes into account the time commitment by the Board members with multiple board representation. The Nominee Committee is satisfied that the Directors are able to carry out and have been carrying out their duties as a Director of the Company. Therefore, it has decided not to fix a numerical limit on the number of directorships a director can hold. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. Every year, the Nominating Committee reviews the composition of the Board and the number of listed company board representations the Directors holds.

Key information on the Directors as at the date of this Annual Report is set out below:

Name of Director	Appointment	Date of initial appointment /last re-election	Directorships in other listed companies and other principal commitments	
			Current	Past 3 Years
Sia Ling Sing	Non-Executive Chairman	3 November 2008 / 23 January 2015	–	–
Lim Siak Meng	Group Managing Director	2 June 1992 / 23 January 2015	–	–
Seah Kiin Peng	Executive Director	1 March 2010 / 28 January 2016	–	–
Ooi Seng Soon	Lead Independent Director	23 January 2009 / 28 January 2016	–	NH Ceramics Limited (Independent Director)
			HC Surgical Specialists Limited (Independent Director)	–
Tan Lee Meng	Independent Director	23 January 2009 / 23 January 2014	–	Hisaka Holdings Ltd. (Independent Director)
Lau Eng Tiong	Non-Executive Director	1 October 2009 / 23 January 2015	–	–
Foo Sey Liang	Non-Exeuctive Director	31 March 2015 / 28 January 2016	HG Metal Manufacturing Limited (Executive Director)	–

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

The Group has in place a system to assess the Board's performance as a whole. To-date, no external facilitator has been used.

The Nominating Committee has determined that given the number of directors of the Company, size of the Board, the background, expertise, the participation in the board meetings of the Company and the contributions made by the Directors at the meetings, it would not be necessary for directors to perform a self-evaluation assessment.

The evaluation of the Board's performance is conducted annually. The qualitative criteria used to evaluate the overall Board performance include the composition of the Board, information flow to the Board, Board procedures, corporate strategy and planning, risk management and accountability as well as matters concerning key management personnel and standard conduct of its Board members.

Corporate Governance Report

The Board has taken the view that the recommendations under the Code to include financial indicators as part of the performance criteria for Board evaluation is not appropriate as it is more of a measurement of Management's performance and, therefore, less applicable to the whole Board.

No significant issues were identified from the evaluation of the Board's performance and the Nominating Committee would continue to evaluate the process for such review and its effectiveness from time to time. The Non-Executive Chairman will act on the results of the performance evaluation, and, in consultation with the Nominating Committee, propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in discharging its duties, the Board is provided with reports as well as financial results on a regular basis. Board papers are also distributed in advance of Board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed. The Directors are entitled to request from Management and should be provided with additional information as needed to make informed decisions. The directors have direct access to Management and Company Secretary at all times. In addition, Directors and Board committees, where necessary, may seek professional advice, paid for by the Company.

The Independent and Non-Executive Directors are always available to provide guidance to the Management on business issues and in areas which they specialise in.

Under the direction of the Chairman, the Company Secretaries ensure good information flow within the Board and its Board committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as and when required. The Directors may communicate directly with the Management and the Company Secretaries on all matters whenever they deem necessary, to ensure adherence to the Board procedures and relevant rules and regulations which are applicable to the Company. During the financial year, the Company Secretaries have attended all Board and Board committee meetings.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

B) REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Remuneration Committee, regulated by a set of written terms of reference, consists of four members, of which the Chairman is an independent director. The members of the Remuneration Committee are as follows:

Mr. Ooi Seng Soon	(Chairman)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)
Mr. Lim Siak Meng	(Member)

The principal functions of the Remuneration Committee are to:

- recommend to the Board a framework of remuneration for the directors and key executives of the Group, including Chief Executive Officer (or equivalent) and Chief Financial Controller (or equivalent).
- determine specific remuneration packages for each executive director, including the Chief Executive Officer (or equivalent);
- review all aspects of remuneration of employees (including, among others, employees who are related to the directors and relatives of the directors and controlling shareholders), including directors' fees, salaries, allowances, bonuses and other benefits in kind;
- review and ensure that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the directors;
- recommend the employees' share option schemes or any long term incentive scheme which may be set up from time to time and to do all acts necessary in connection therewith; and
- review the Company's obligation arising in the event of termination of the executive directors and key executives' contract of services, to ensure that such contract of services contain fair and reasonable clauses which are not overly generous.

Corporate Governance Report

The Remuneration Committee's recommendations are made in consultation with the Group Managing Director and submitted for endorsement by the Board.

In determining the remuneration system for the key executive officers, the Remuneration Committee seeks advice from human resource consultants and senior practitioners in order to obtain comparable information on the market and the industry. The Remuneration Committee will also take into account the performance of the Group as well as that of the Directors and key executives, aligning their interest with those Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the long term interest of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, bonuses, share options and benefits-in-kind.

During the year, the Remuneration Committee met once, discussing various remuneration matters and recording its decisions by way of minutes and circular resolutions. The Committee members present at the meeting were involved in the deliberations. No director was involved in the fixing of his own remuneration. No external remuneration consultants were appointed during the financial year.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The remuneration package of Executive Directors and key executive officers consists of:

Basic salary
Basic salary is determined based on the market value of the job. Merit increments, if any, are added to the basic salary. In line with the Singapore government's recommendations, the Company has designated a portion of the basic salary as a monthly variable component for certain employees, including key executive officers.

Fees
The Non-Executive and Independent Directors are entitled to directors' fees. The level of fees is reviewed for reasonableness, taking into account the size of the Company and the additional duties and responsibilities of the Directors.

Bonus
The Executive Directors and selected key executive officers are entitled to a bonus which is determined by the Company's performance. The Board, as recommended by the Remuneration Committee, approves any bonuses paid to the Executive Directors and selected key executive officers.

Benefits-in-kind
Customary benefits-in-kind, consistent with market practices, are given to Executive Directors and selected key executive officers.

Employee Share Option Scheme
The Executive Directors and eligible employees are participants to options under the Employee Share Option Scheme ("BRC Share Option Scheme 2011") approved by shareholders on 25 January 2011. The Scheme provides an opportunity for participants who have contributed significantly to the growth and performance of the Company to participate in the equity of the Company, thereby aligning their interests with shareholders.

Information on the BRC Share Option Scheme 2011 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of options are set out on pages 53 to 54 of the Annual Report.

The Committee of Directors which administers the BRC Share Option Scheme 2011 consists of:

Mr. Ooi Seng Soon	(Chairman)
Mr. Lim Siak Meng	(Member)
Mr. Seah Kiin Peng	(Member)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)

Given the competitive environment the Company is operating in, the Company will not disclose details of Directors' remuneration in nearest thousand dollars, in bands of S$250,000 as well as the upper limit to the band as the Company believes that disclosure may be prejudice to its business interests. The Company believes that disclosing remuneration breakdown in percentage terms paid to the Directors provide sufficient overview of the remuneration of Directors.

Corporate Governance Report

The remuneration (in percentage term) of the Directors is set out below:

Name of Director	Salary %	Bonus %	Fees %	Benefits-in-kind[1] %	Total %
Above S$500,000 band					
Mr. Lim Siak Meng	47	47	–	6	100
Mr. Seah Kiin Peng	43	45	–	12	100
Below S$250,000 band					
Mr. Lau Eng Tiong	–	–	100	–	100
Mr. Ooi Seng Soon	–	–	100	–	100
Mr. Sia Ling Sing	–	–	100	–	100
Mr. Tan Lee Meng	–	–	100	–	100
Mr. Foo Sey Liang	–	–	100	–	100

Notes:

1 Includes transport allowances, contributions to Central Provident Fund, retirement benefits and other benefits-in-kind.

Key Executive Officers (Top 5)

Regarding the Code's recommendation to fully disclose the remuneration of at least the top 5 key executive officers who are not Directors or Chief Executive Officer, the Company does not believe it to be in its best interests to disclose the identity and remuneration of its top 5 key executive officers, as having considered the highly competitive human resources environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may give rise to talent retention issues and would cause negative impact to the Company if experienced and senior management team are poached.

Having considered several factors, the Group is of the view that in order to maintain confidentiality of remuneration matters, remuneration of the top 5 key executive in the bands of S$250,000, breakdown (in percentage or dollar terms) as well as the aggregate total remuneration paid to its top 5 key executive officers will not be disclosed.

Remuneration of Employees Related to Directors

Mr Lim Jun Da whose remuneration exceeds S$50,000 in the Company's employment during the financial year under review, is the son of Mr Lim Siak Meng, the Group Managing Director. He joined the Company as Manager, Corporate and Marketing Services in January 2016.

Taken note of the competitive pressure in the talent market, the Group has decided not to disclose the details of Mr. Lim Jun Da in the incremental bands of $50,000.

For the financial year ended 30 September 2016, there was no termination, retirement or post-employment benefits granted to the Directors, the Chief Executive Officer and key executives other than the standard contractual notice period termination payment in lieu of service, and the benefits for the Chief Executive Officer and relevant key executives.

Where appropriate, the Remuneration Committee reviews the service contracts of the Company's Executive Directors and key executives. Service Contracts for Executive Directors are automatically renewable by one year on each anniversary of the employment commencement date and may be terminated by the Executive Director by giving at least 6 months' written notice of non-renewal to the Company or the Company serving at least 12 months' written notice of non-renewal to the director.

There are no contractual provisions under the present remuneration structure that allow the Company to reclaim variable incentive components of remuneration from Executive Directors and key executive. However, in alignment with the current regulatory standards, the variable incentives of the Executive Directors and key executives may be clawed back in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company.

The Company's compensation framework comprises fixed salary, short term and long term incentives.

Corporate Governance Report

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board provides shareholders with quarterly and annual financial results. Results for the first, second and third quarter are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. The Board is mindful of its obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board.

Board papers are given to the Board members prior to any Board meeting to facilitate effective discussion and decision making.

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

AUDIT COMMITTEE

The Audit Committee was formed in July 2000. Members of the Committee are:

Mr. Ooi Seng Soon	(Chairman and Lead Independent Director)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)

All the members are Non-Executive Directors of which two, Mr. Ooi Seng Soon and Mr. Tan Lee Meng, being also Independent Directors. There is a good mix of expertise among the members who can handle financial as well as commercial issues relating to the Group's business.

There were four Audit Committee meetings held during the year. In the meetings dealing with the announcement of the Group's results, the Group Managing Director, the Executive Director and the Group Financial Controller were also in attendance.

The Audit Committee has written terms of reference and its key functions are to:

- review with the Company's external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and the Management's response, and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditors as well as the independence and objectivity of the external auditors;
- review the co-operation given by the Company's officers to the external auditors;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material adverse impact on the Group's operating results or financial position, and the Management's response;
- make recommendations to the Board on the proposal to the Shareholders, on the appointment, reappointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;
- review the quarterly announcements and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- approve the Company's internal audit plans;

Corporate Governance Report

- monitor the implementation of outstanding internal control weaknesses highlighted by the Auditors and Reporting Accountants in their memorandum prepared in connection with the listing process;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual (including any entrusted loans that may be provided to interested persons prior to such loans being entered into, to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include, but are not limited to, the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the Shareholders);
- review potential conflicts of interest, if any;
- review and consider transactions in which there may be potential conflicts of interests between the Company and the interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the Shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNET;
- review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;
- review the suitability of the Group Financial Controller;
- review the effectiveness of the Company's internal audit function, if applicable,;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time on a quarterly basis.

Apart from the abovementioned duties, the Audit Committee shall commission and review the findings of internal investigations in the event of suspected fraud, irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material adverse impact on the Group's operating results and/or financial position.

It has full access to and the cooperation from Management and the full discretion to invite any Director or executive office to attend its meetings, and reasonable resources to enable it to discharge its function properly. The executive management of the Company attends meetings of the Audit Committee on invitation.

The Company has put in place a whistle-blowing policy and the Audit Committee has the authority to conduct independent investigations into any complaints. The Audit Committee oversees the administration of whistle-blowing policy. Periodic reports will be submitted to the Audit Committee stating the number of and details of complaints received, the results of the investigations and follow-up actions.

As at to-date, no reports of fraudulent or inappropriate activities or malpractices have been received.

A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's Audit Committee: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.

During the year, the Audit Committee has met with the external auditors without the presence of the Company's Management. The Audit Committee has also reviewed and concluded that no non-audit services were provided by the external auditors. The Audit Committee is satisfied with the independence of the external auditors and has recommended to the Board that they be re-appointed.

The Audit Committee is kept abreast of changes to accounting standards and issues which have a direct impact on financial statements by the external auditors.

In appointing the audit firms for the Group, the Audit Committee takes into account several factors such as the adequacy of resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited as well as the number and experience of supervisory and professional staff assigned to the audit. The Audit Committee is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the Audit Committee is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiary and joint venture.

The amount of fees paid to auditors for audit and non-audit services for the financial year ended 30 September 2016 are set out on page 53 of the Annual Report. The Audit Committee is satisfied that provision of such services did not prejudice the independence and objectivity of the external auditors.

Corporate Governance Report

INTERNAL CONTROLS

Management reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets. The Audit Committee ensures that these controls are effective by engaging an external consultant as the internal auditor. The internal auditor works within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group. The external independent auditors will, in the course of the external audit, conduct a review of certain internal control procedures relevant to the preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The Board has reviewed the adequacy of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group. Based on the work performed by the internal auditors during the financial year, as well as the statutory audit by the external auditors, the Board, with the concurrence of the Audit Committee, are of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems are effective and adequate as at 30 September 2016.

The system of internal controls provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board has received assurance from the Group Managing Director and the Group Financial Controller that the financial records as at 30 September 2016 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are adequate and effective.

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

INTERNAL AUDIT

As the size of the Company cannot support a full-time internal audit team and also for cost reasons, the Management has, with the agreement of the Audit Committee, outsourced its internal audit function to a reputable, independent public accounting firm. PricewaterhouseCoopers LLP has been appointed as the Internal Auditor by the Audit Committee and it reports directly to the Chairman of the Audit Committee.

Management has a Control Self Assessment ("CSA") programme. This is to provide a structured framework for continuous assessment of risks and controls by employees so as to better manage risks as well as to reinforce risks and controls ownership at line management level. CSA provides senior management as well as the Audit Committee with a tangible in-house assessment of internal controls so as to facilitate their governance of risk as well as compliance reporting. The Internal Auditors did a CSA validation for a key process during the financial year ended 30 September 2016.

In addition, the external auditors would highlight any material internal controls weaknesses relevant to the preparation of financial statements which have come to their attention in the course of their statutory audit. The audit findings and recommendations made by the internal and external auditors are reported to the Audit Committee and significant issues are discussed at Audit Committee meetings.

The Audit Committee will, at least annually, review the adequacy and effectiveness of the internal audit function.

(D) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

It is the Company's policy to be transparent and open with its shareholders and this is achieved through timely announcements and meaningful disclosures, which are made on a non-selective basis. The Company disseminates information to shareholders and the investing public through its website www.brc.com.sg. It also attends to shareholders' queries promptly.

Corporate Governance Report

The Company encourages shareholders' participation at the Company's annual general meeting. The annual general meeting is the principal forum for dialogue with shareholders. There is an open question and answer session at which shareholders may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs. The Board welcomes questions from shareholders who have opportunities to raise issues either informally or formally before or at the annual general meeting.

The Company ensures that sufficient explanations of all resolutions are included in the Notice of the Annual General Meeting. At the Annual General Meeting, the Company makes available the services of the Company's auditors and other advisors to provide answers to queries from any shareholder. In addition, the Chairman of the respective Audit, Nominating and Remuneration Committees will also be present. Senior management is also present to address any queries which shareholders may have.

Attendance by proxies is allowed as stipulated in the Constitution and Companies Act, Chapter 50. The Company's Constitution allows a member of the Company who is not a relevant intermediary to appoint not more than two proxies to attend and vote at general meetings. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings, provided that each proxy is appointed to exercise the rights attached to the shares held by such member. The Board believes that it would not promote greater efficiency or effective decision making nor would it be cost-effective to lift the limit on the number of proxies for a member who is not a relevant intermediary. The Board is not implementing absentia-voting methods by mail, e-mail or fax until issues on security and integrity are satisfactorily resolved. All shareholders have the opportunity to participate effectively in and vote at general meetings. Separate resolutions on each distinct issue are tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved.

At the annual general meeting of the Company held in 2016, the Company has put all resolutions tabled to vote by poll. The voting results of all votes cast in respect of each resolutions and the respective percentages were displayed at the meeting and announced in a timely manner via SGXNET after the meeting.

The proceedings of the annual general meeting and extra ordinary general meeting (if any) are properly recorded, including all comments or queries raised by shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings are available to Shareholders upon their request.

CORPORATE SOCIAL RESPONSIBILITY

Apart from creating long term value for its stakeholders and upholding high standards of governance, the Company recognises the importance of environmental sustainability and social responsibility.

The Company has in place proper procedures for recycling and disposal of steel scrap. In addition, the Company has been involved in giving to the less fortunate communities by way of donations.

INTERESTED PERSON TRANSACTIONS

The Company has set out the procedures for review and approval of the Company's interested person transactions.

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 30 September 2016 is stated in the table below:

Name of interested person	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)
HG Metal Manufacturing Limited	Sales – S$2,785,000 Purchases – S$17,000	–
HG Construction Steel Pte Ltd	Sales – S$920,000	–
Sin Teck Guan Machinery (Pte) Ltd	Services purchased – S$114,000	–

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

Corporate Governance Report

RISK MANAGEMENT

The Board acknowledges that risks are inherent in business and views the taking of risks as a prelude to generating returns. However, the Board's policy is that risks should be managed in order to reduce the variability of returns.

The primary responsibility for identifying business risks lies with Management, who then tables and recommends processes to the Board for their deliberation and for formulating policies to deal with the risks. The Board also approves the recommended processes for managing risk, which could include optimisation, hedging, reduction of exposure or limiting possible losses through controls.

MATERIAL CONTRACTS

There was no material contract of the Company and any of its subsidiary companies, involving the interest of any Director, Chief Executive Officer or controlling shareholder subsisting at the end of the financial year ended 30 September 2016 or if not then subsisting, entered into since the previous financial year,

UTILISATION OF PROCEEDS

There have been no proceeds raised in the financial year under review and no outstanding proceeds from previous fund raising.

DEALING IN THE COMPANY'S SECURITIES

The Group's internal code pursuant to Rule 1207 (19) of the Listing Manual issued by SGX-ST is still in place and there has not been any incidence of non-compliance. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price-sensitive information and during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Directors and officers of the Company are advised not to deal in the Company's securities on short-term considerations.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act (Chapter 289) at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

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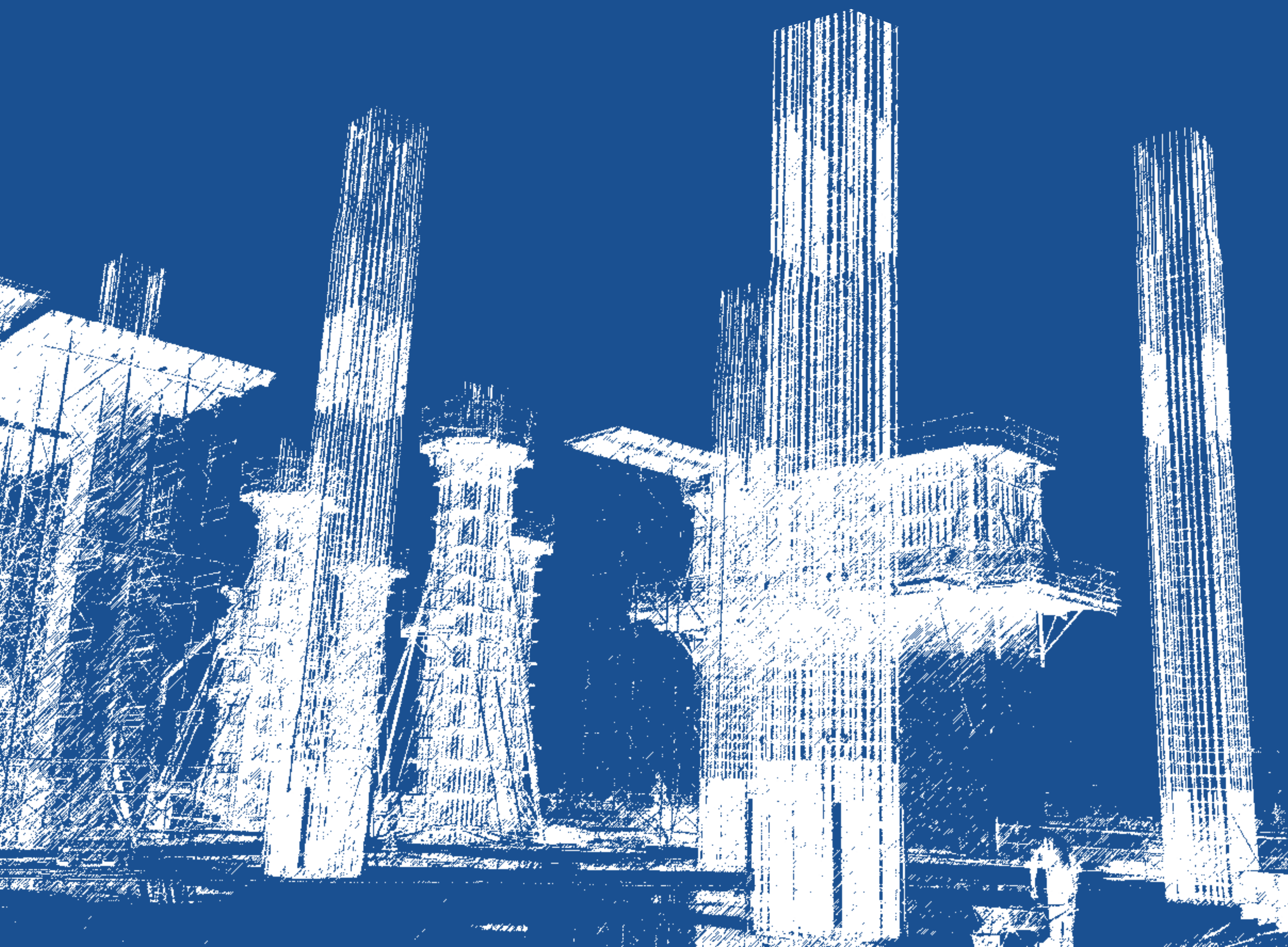

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Sia Ling Sing
Lim Siak Meng
Seah Kiin Peng
Ooi Seng Soon
Tan Lee Meng
Lau Eng Tiong
Foo Sey Liang

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	At beginning of financial year	At end of financial year	At 21 October 2016	At beginning of financial year	At end of financial year	At 21 October 2016
Ordinary shares of the Company						
Lau Eng Tiong[1]	–	–	–	15,762,904	15,762,904	15,762,904
Lim Siak Meng	12,394,504	12,394,504	12,394,504	–	–	–
Sia Ling Sing[2]	–	–	–	49,980,958	49,980,958	49,980,958
Seah Kiin Peng	3,413,785	3,413,785	3,413,785	–	–	–
Foo Sey Liang[3]	–	–	–	42,145,518	42,145,518	42,145,518
Convertible bonds of the Company						
Lau Eng Tiong[4]	–	–	–	–	1,000,000	1,000,000

Directors' Statement

Directors' interests in shares and debentures (cont'd)

(1) Lau Eng Tiong has a 25% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the shares of the Company held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Act.

(2) Sia Ling Sing has a 30.17% interest in Lingco Marine Pte Ltd and is deemed to have an interest in the shares of the Company held by Lingco Marine Pte Ltd pursuant to Section 7 of the Act. Furthermore, Sia Ling Sing is also deemed to have an interest in the shares of the Company held by Lingco Holdings Pte Ltd pursuant to Section 7 of the Act.

(3) HG Metal Manufacturing Limited has a 100.00% interest in HG Metal Investments Pte. Ltd. which in turn has an interest of 100.00% in HG Metal Pte. Ltd. which in turn has a 22.60% interest in the shares of the Company. Foo Sey Liang has a 100.00% interest in Flame Gold International Limited which is deemed to have an interest in the shares held by HG Metal Manufacturing Limited. Accordingly, he is deemed to have an interest in the shares of the Company held by HG Metals Pte. Ltd. pursuant to Section 7 of the Act.

(4) Lau Eng Tiong is deemed to have an interest in the convertible bonds of the Company held by Gnoh Hock Realty Private Ltd via his and his immediate family's shareholdings in Gnoh Hock Reality Private Ltd pursuant to Section 7 of the Act.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 October 2016.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options

BRC Share Option Scheme 2011

The BRC Share Option Scheme 2011 (the "Scheme") for Executive Directors and confirmed employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting on 25 January 2011. No share options were granted in the financial years ended 30 September 2016 and 2015.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 30 September 2016 are described in Note 8 to the financial statements.

All options that were granted are valid for a period of five (5) years from the date of grant. The options granted without a discount are exercisable during the period commencing from the first anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options. The options granted at a discount are exercisable during the period commencing from the second anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options.

Once the options are granted, they are exercisable for an option term of five (5) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued shall have no restriction on the eligibility to participate in any other share options or share incentive schemes implemented by the Company or any other company within the Group. The Group and the Company have no obligation to repurchase or settle the options in cash.

The aggregate nominal amount of shares over which options may be granted on any date, when added to the nominal shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

Directors' Statement

Share options (cont'd)

BRC Share Option Scheme 2011

Details of the options to subscribe for ordinary shares of the Company granted to directors and participants of the Company which have exceeded 5% of the total number of options granted under the Scheme are as follows:

	Aggregate options outstanding at beginning of financial year [(1)]	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options expired since commencement of plan to end of financial year	Aggregate options outstanding at end of financial year
Name of director						
Lim Siak Meng	3,186,600	–	35,596,000	(19,663,000)	–	3,186,600
Seah Kiin Peng	–	–	25,789,000	(25,789,000)	–	–
Name of participant						
Lee Chun Fun	300,000	–	6,400,000	(4,900,000)	–	300,000
Lau Wee Min	–	–	6,100,000	(6,100,000)	–	–

(1) In the previous financial year, the Company undertook a share consolidation exercise whereby every five existing issued ordinary shares of the Company were consolidated into one ordinary share. The share consolidation was approved by members of the Company at the extraordinary general meeting held on 8 August 2015.

The aggregate options outstanding have been adjusted for the effects of the share consolidation.

Since the commencement of the BRC Share Option Scheme 2011 till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant, other than the directors and participants mentioned above, has received 5% or more of the total options available under the Scheme; and
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Audit Committee

The Audit Committee consists of three members, all of whom are non-executive or independent directors. At the end of the financial year and at the date of this report, the Audit Committee comprised the following members:

Ooi Seng Soon (Chairman)
Tan Lee Meng
Lau Eng Tiong

The Audit Committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group's and Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the quarterly announcements and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

Directors' Statement

Audit Committee (cont'd)

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened four meetings during the financial year with full attendance from all members. The Audit Committee has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Lim Siak Meng
Director

Seah Kiin Peng
Director

Singapore
21 December 2016

Independent Auditor's Report

For the financial year ended 30 September 2016
Independent auditor's report to the members of BRC Asia Limited

Report on the financial statements

We have audited the accompanying financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 32 to 83, which comprise the balance sheets of the Group and the Company as at 30 September 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore

21 December 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2016

	Note	2016 $'000	2015 $'000
Revenue	4	**346,752**	384,927
Cost of sales		**(318,070)**	(352,929)
Gross profit		**28,682**	31,998
Other income	5	**1,022**	5,323
Expenses			
Distribution expenses		**(4,466)**	(5,520)
Administrative expenses		**(7,345)**	(8,252)
Finance costs	6	**(1,085)**	(1,463)
Other operating expenses		**(7,215)**	(3,196)
Share of results of joint venture	12	**550**	(404)
Profit before tax	7	**10,143**	18,486
Income tax expense	9	**(1,802)**	(3,083)
Profit net of tax for the year		**8,341**	15,403
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) on fair value changes of available-for-sale financial assets		**8**	(74)
Net exchange gain/(loss) on net investment in foreign operation		**239**	(2,314)
Foreign currency translation:			
Exchange differences on translation of foreign operations		**(817)**	(21)
Reclassification of currency translation reserve to profit or loss upon de-registration of a subsidiary		**-**	663
Other comprehensive income for the year, net of tax		**(570)**	(1,746)
Total comprehensive income for the year		**7,771**	13,657
Profit for the year attributable to:			
Owners of the Company		**8,343**	15,461
Non-controlling interests		**(2)**	(58)
		8,341	15,403
Total comprehensive income for the year attributable to:			
Owners of the Company		**7,775**	13,710
Non-controlling interests		**(4)**	(53)
		7,771	13,657
Earnings per share (cents per share):			
Basic	10	**4.47**	8.27
Diluted	10	**4.46**	8.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheet

As at 30 September 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	11	**77,679**	71,395	**68,233**	61,743
Investment in joint venture	12	**10,162**	10,555	**6,076**	6,076
Investment in subsidiaries	13	**–**	–	**30,162**	23,507
Loan to investee company	16	**4,321**	2,021	**4,321**	2,021
Available-for-sale financial assets	14	**2,243**	1,952	**2,243**	1,952
		94,405	85,923	**111,035**	95,299
Current assets					
Inventories	15	**91,445**	92,391	**84,079**	85,969
Trade and other receivables	16	**66,007**	68,851	**62,305**	67,009
Prepayments		**4,198**	5,499	**1,740**	5,465
Derivative financial instruments	28	**543**	699	**521**	699
Deposits		**245**	499	**229**	482
Cash and cash equivalents	17	**11,938**	13,940	**7,657**	12,000
		174,376	181,879	**156,531**	171,624
Total assets		**268,781**	267,802	**267,566**	266,923
Current liabilities					
Trade and other payables	18	**31,896**	36,778	**30,670**	36,419
Provisions	21	**2,592**	3,137	**2,592**	3,137
Advances received	19	**1,459**	2,820	**1,459**	2,820
Loans and borrowings	20	**39,613**	33,244	**34,399**	28,703
Current income tax liabilities		**780**	2,460	**795**	2,470
		76,340	78,439	**69,915**	73,549
Net current assets		**98,036**	103,440	**86,616**	98,075
Non-current liabilities					
Provisions	21	**427**	489	**427**	489
Loan and borrowings	20	**12,135**	13,664	**12,135**	13,664
Deferred tax liabilities	22	**8,267**	7,348	**8,267**	7,348
		20,829	21,501	**20,829**	21,501
Total liabilities		**97,169**	99,940	**90,744**	95,050
Net assets		**171,612**	167,862	**176,822**	171,873
Equity attributable to owners of the Company					
Share capital	23	**68,011**	68,011	**68,011**	68,011
Treasury shares	23	**(1,044)**	(689)	**(1,044)**	(689)
Other reserves	24	**(1,193)**	(625)	**1,499**	1,491
Retained earnings		**105,833**	101,221	**108,356**	103,060
Equity attributable to owners of the Company		**171,607**	167,918	**176,822**	171,873
Non-controlling interests		**5**	(56)	**–**	–
Total equity		**171,612**	167,862	**176,822**	171,873
Total equity and liabilities		**268,781**	267,802	**267,566**	266,923

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 30 September 2016

		Attributable to owners of the Company						
	Note	**Share capital**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at 1 October 2014		67,931	(190)	1,084	97,962	166,787	(3)	166,784
Profit net of tax		–	–	–	15,461	15,461	(58)	15,403
Other comprehensive income for the year		–	–	(1,751)	–	(1,751)	5	(1,746)
Total comprehensive income for the year		–	–	(1,751)	15,461	13,710	(53)	13,657
Cash dividends on ordinary shares	25	–	–	–	(12,202)	(12,202)	–	(12,202)
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	80	–	(19)	–	61	–	61
Purchase of treasury shares		–	(499)	–	–	(499)	–	(499)
Grant of equity-settled share option scheme 2011 to employees	24(a)	–	–	61	–	61	–	61
Total contributions by and distributions to owners		80	(499)	42	(12,202)	(12,579)	–	(12,579)
Balance at 30 September 2015 and 1 October 2015		**68,011**	**(689)**	**(625)**	**101,221**	**167,918**	**(56)**	**167,862**
Profit net of tax		**–**	**–**	**–**	**8,343**	**8,343**	**(2)**	**8,341**
Other comprehensive income for the year		**–**	**–**	**(568)**	**–**	**(568)**	**(2)**	**(570)**
Total comprehensive income for the year		**–**	**–**	**(568)**	**8,343**	**7,775**	**(4)**	**7,771**
Cash dividends on ordinary shares	25	**–**	**–**	**–**	**(3,731)**	**(3,731)**	**–**	**(3,731)**
Purchase of treasury shares		**–**	**(355)**	**–**	**–**	**(355)**	**–**	**(355)**
Capital contribution from non-controlling interest		**–**	**–**	**–**	**–**	**–**	**65**	**65**
Total contributions by and distributions to owners		**–**	**(355)**	**–**	**(3,731)**	**(4,086)**	**65**	**(4,021)**
Balance at 30 September 2016		**68,011**	**(1,044)**	**(1,193)**	**105,833**	**171,607**	**5**	**171,612**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 30 September 2016

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Company						
Balance at 1 October 2014		67,931	(190)	1,523	97,025	166,289
Profit net of tax		–	–	–	18,237	18,237
Other comprehensive income for the year						
Item that will be reclassified subsequently to profit or loss:						
- Net loss on fair value changes of available-for-sale financial assets	24(b)	–	–	(74)	–	(74)
Total comprehensive income for the year		–	–	(74)	18,237	18,163
Cash dividends on ordinary shares	25	–	–	–	(12,202)	(12,202)
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	80	–	(19)	–	61
Purchase of treasury shares		–	(499)	–	–	(499)
Grant of equity-settled share option scheme 2011 to employees	24(a)	–	–	61	–	61
Total contributions by and distributions to owners		80	(499)	42	(12,202)	(12,579)
Balance at 30 September 2015 and 1 October 2015		**68,011**	**(689)**	**1,491**	**103,060**	**171,873**
Profit net of tax		**–**	**–**	**–**	**9,027**	**9,027**
Other comprehensive income for the year						
Item that will be reclassified subsequently to profit or loss:						
- Net gain in fair value changes of available-for-sale financial assets	24(b)	**–**	**–**	**8**	**–**	**8**
Total comprehensive income for the year		**–**	**–**	**8**	**9,027**	**9,035**
Cash dividends on ordinary shares	25	**–**	**–**	**–**	**(3,731)**	**(3,731)**
Purchase of treasury shares		**–**	**(355)**	**–**	**–**	**(355)**
Total contributions by and distributions to owners		**–**	**(355)**	**–**	**(3,731)**	**(4,086)**
Balance at 30 September 2016		**68,011**	**(1,044)**	**1,499**	**108,356**	**176,822**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 September 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before tax		**10,143**	18,486
Adjustments for:			
Reversal of inventory obsolescence	15	**(35)**	(920)
Depreciation of property, plant and equipment	11	**6,593**	5,880
Share of results of joint venture	12	**(550)**	404
Write-off of property, plant and equipment	7	**29**	16
Loss/(gain) on disposal of property, plant and equipment	7	**56**	(1)
Allowance for impairment of trade receivables	16	**229**	431
Bad debts recovered	16	**(102)**	(128)
(Reversal of)/provision for onerous contracts	7	**(545)**	2,809
Provision for retirement benefits	8	**18**	14
Share options expense	8	**–**	61
Interest expense	6	**1,085**	1,463
Interest income	5	**(63)**	(59)
Dividend income	5	**(2)**	(2)
Fair value changes on derivatives	5	**(543)**	(699)
Unrealised exchange differences		**125**	(590)
Operating cash flow before working capital changes		**16,438**	27,165
Changes in working capital			
Trade and other receivables		**3,416**	7,363
Inventories		**981**	8,979
Prepayments and deposits		**1,555**	(1,121)
Trade and other payables		**(6,243)**	399
Cash flows from operations		**16,147**	42,785
Income taxes paid		**(2,563)**	(3,116)
Retirement benefits paid	21	**(80)**	(43)
Net cash flows from operating activities		**13,504**	39,626
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment		**71**	1
Purchases of property, plant and equipment	11	**(11,749)**	(12,058)
Additions to available-for-sale financial assets		**(283)**	–
Loan to investee company		**(2,300)**	(2,021)
Capital contribution from non-controlling interest of a subsidiary		**65**	–
Interest received		**63**	59
Dividends income from investments in joint venture	12	**–**	54
Dividends income from investments in available-for-sale financial assets		**2**	2
Net cash flows used in investing activities		**(14,131)**	(13,963)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 September 2016

	Note	2016 $'000	2015 $'000
Cash flows used in financing activities			
Proceeds from issuance of ordinary shares		**–**	61
Proceeds from finance lease	11	**–**	10,241
Repayment of finance lease		**(10,920)**	(4,048)
Repayment of term bank loan		**–**	(4,250)
Purchase of treasury shares	23	**(355)**	(499)
Net proceeds from/(repayment of) bills payable to banks		**14,732**	(22,329)
Interest paid		**(1,085)**	(1,463)
Dividends paid on ordinary shares	25	**(3,731)**	(12,202)
Net cash flows used in financing activities		**(1,359)**	(34,489)
Net decrease in cash and cash equivalents		**(1,986)**	(8,826)
Cash and cash equivalents at beginning of year		**13,940**	22,606
Effects of exchange rate changes on cash and cash equivalents		**(16)**	160
Cash and cash equivalents at end of year	17	**11,938**	13,940

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2016

1. Corporate information

BRC Asia Limited (the "Company") is a public limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530.

The principal activities of the Company are the prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 October 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company's. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of reporting period and the statement of comprehensive income are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment except for freehold land and a leasehold building are measured at cost less accumulated depreciation and accumulated impairment losses. The leasehold building was initially stated at cost and subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation.

The valuation of the leasehold building was carried out in 1993 based on the appraisals received from an independent firm of professional valuers and the revaluation surplus was taken to asset revaluation reserve. The Group does not have a policy of periodically revaluing its leasehold buildings as allowed under FRS 16 for one-off revaluation performed between 1 January 1984 and 31 December 1996.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful life of the asset as follows:

Leasehold buildings	–	Over the lease term of between 11 to 36 years
Plant and machinery	–	4 to 15 years
Motor vehicles	–	7 years
Furniture and equipment	–	3 to 5 years

Assets under construction are not depreciated as these assets are not yet available for use.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.10 Joint arrangements (cont'd)

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture is prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.11 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(iii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) ***Financial assets (cont'd)***

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand; demand deposits; and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress, and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.17 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.11(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

No conversion option (equity component) was recognised by the Group and Company as the difference in the fair value of the liability component and the proceeds from the bonds was not significant.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Similar defined contributions are made in accordance to other schemes in the jurisdiction that the Group operates in. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Retirement benefits*

Retirement benefits are granted to employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one (1) week's pay for each full year of service at the employee's last-drawn salary at date of retirement.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(b) *Retirement benefits (cont'd)*

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality government bonds that are denominated in the currency in which the benefits will be paid; and it has tenures approximating that of the related benefit obligations.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.20 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity; and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.23 Segment reporting

For management purposes, the Group is principally involved in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. There is only one primary business segment involved; being the entire Group's steel related operations, and accordingly the information regarding its financial position and results is represented by the financial statements as a whole.

For management purposes, the Group is organised into geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

For the financial year ended 30 September 2016

2. Summary of significant accounting policies (cont'd)

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax liabilities and deferred tax liabilities at the balance sheet date was $780,000 (2015: $2,460,000) and $8,267,000 (2015: $7,348,000) respectively.

(b) *Impairment of loans and receivables*

The Group and the Company assess at each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Notes to the Financial Statements

For the financial year ended 30 September 2016

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

(b) *Impairment of loans and receivables (cont'd)*

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the statement of comprehensive income. As at 30 September 2016, the Group and the Company recorded impairment allowance for trade and other receivables of $647,000 (2015: $1,634,000), and the charge for the financial year is $127,000 (2015: $303,000).

(c) *Impairment of available-for-sale financial asset*

The Group and the Company assess whether there are any indicators of impairment for its available-for-sale financial asset carried at cost at each reporting date. This determination requires significant judgement by the Company which evaluates, among other factors, the financial health of and near-term business outlook for the investment including factors such as industry and sector performance and operational and financing cash flows. The carrying amount of available-for-sale financial assets as at 30 September 2016 is $2,243,000 (2015: $1,952,000).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Allowance for inventory obsolescence*

Management performs an assessment of the condition of its inventories at each balance sheet date, and makes allowance for obsolete items identified that are no longer suitable for use in their existing condition. Management estimates the net realisable value for such inventories taking into consideration current scrap prices and market conditions. As at 30 September 2016, the Group and the Company recorded impairment allowance for inventory obsolescence of $1,465,000 (2015: $1,500,000) and $1,465,000 (2015: $1,500,000) respectively. The reversal of allowance for the financial year recorded by the Group and Company amounted to $35,000 (2015: $920,000) and $35,000 (2015: $700,000) respectively.

(b) *Provision for onerous contracts*

Provision for onerous contracts are recorded in respect of certain sales contracts for which the costs to meet the obligations are expected to exceed the economic benefits to be received under it. Management estimates the costs required to fulfil its contractual obligation based on the value of inventory on hand, plus estimated costs of inventory purchases and conversion costs required.

The carrying amount of the Group's provision for onerous contracts as at 30 September 2016 was $2,592,000 (2015: $3,137,000).

4. Revenue

	Group	
	2016	**2015**
	$'000	$'000
Sale of goods	**346,752**	384,927

Notes to the Financial Statements

For the financial year ended 30 September 2016

5. Other income

	Group 2016 $'000	Group 2015 $'000
Interest income - loans and receivables	**63**	59
Dividend income from available-for-sale financial assets	**2**	2
Government grant	**353**	275
Foreign exchange gain, net	**–**	4,274
Gain from fair value changes on derivatives (Note 28)	**543**	699
Sundries income	**61**	14
	1,022	5,323

Government grant income relates mainly to Special Employment Credit ("SEC") grants and Wage Credit Scheme ("WCS") and Temporary Employment Credit ("TEC") . The SEC is given to employers employing Singaporean employees aged above 50 and earning up to $4,000 a month. The SEC will run for five years and applies to eligible employees who are on payroll anytime from January 2012 to December 2016.

Under the WCS, the Government will co-fund 40% of wage increases given to Singapore Citizen employees earning a gross monthly wage of $4,000 and below in 2013 – 2015. To give firms more time to adjust to rising wages in the tight labour market, the Government will extend the WCS for two more years, i.e. 2016 and 2017, with reduced level of co-funding. Over the period of 2016 to 2017, the Government will co-fund 20% (instead of 40%) of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 and below.

The TEC was announced as a Budget 2014 initiative to help employers adjust to the 1 percentage point increase in Medisave contribution rates which took effect in January 2015. With the TEC, the Company will receive a one-year offset of 0.5% of wages for Singaporean and Singapore Permanent Resident (PR) employees in 2015. The TEC is further enhanced and extended to help companies adjust to the cost increases associated with 1% increase in employer CPF contribution rates for older workers and increase in the CPF salary ceiling in January 2016.

6. Finance costs

	Group 2016 $'000	Group 2015 $'000
Interest expense		
- term bank loan	**–**	39
- bills payable to banks	**407**	715
- finance lease	**176**	174
- convertible bond	**501**	502
- others	**1**	33
	1,085	1,463

Notes to the Financial Statements

For the financial year ended 30 September 2016

7. Profit before tax

Profit before tax is arrived at after charging/(crediting) items in Notes 5 and 6 and the following:

	Group	
	2016	**2015**
	$'000	$'000
Audit fees paid/payable to		
- auditors of the company	**183**	183
- other auditors	**7**	7
Non-audit fees paid/payable to		
- auditors of the company	**–**	6
- other auditors	**32**	53
Depreciation of property, plant and equipment (Note 11)	**6,593**	5,880
Employee compensation (Note 8)	**17,470**	19,161
Operating lease expense	**5,527**	5,140
Allowance for impairment of trade receivables, net (Note 16)	**127**	303
Write-off of property, plant and equipment	**29**	16
(Reversal of)/provision for onerous contracts (Note 21)	**(545)**	2,809
Utilities	**2,671**	2,978
Repair and maintenance	**7,321**	7,865
Foreign exchange loss/(gain), net	**4,352**	(4,274)
Reversal of inventory obsolescence	**(35)**	(920)
Transportation expenses	**8,795**	10,630
Legal and other professional fees	**526**	371
Loss on de-registration of a subsidiary	**–**	369
Loss/(gain) on disposal of property, plant and equipment	**56**	(1)
Inventories recognised as an expense in cost of sales (Note 15)	**272,477**	297,428

8. Employee compensation

	Group	
	2016	**2015**
	$'000	$'000
Wages and salaries	**16,352**	17,745
Employer's contribution to Central Provident Fund	**1,100**	1,341
Retirement benefits (Note 21)	**18**	14
Share options expense [Note 24(a)]	**–**	61
	17,470	19,161

Notes to the Financial Statements

For the financial year ended 30 September 2016

8. Employee compensation (cont'd)

Employee share option scheme

Under the BRC Share Option Scheme 2011 (the "Scheme"), share options were granted on 15 March 2011, 6 March 2012, and 28 March 2013 respectively to all eligible employees except for controlling shareholders or associates of such controlling shareholders [as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST")]. The terms of the Scheme are stated in the Directors' Report.

Movement in the number of unissued ordinary shares under option and their exercise prices is as follows:

Group and Company	At beginning of financial year (1)	Granted during financial year	Exercised during financial year	At end of financial year before share consolidation	At end of financial year	Exercise price (1)	Exercise period
	Number of ordinary shares under option						
	'000	'000	'000	'000	'000		
2016							
2013 Options – discounted	**1,240**	**–**	**–**	**N.A**	**1,240**	**$0.81**	**28.3.2015 – 27.3.2018**
2013 Options – undiscounted	**4,307**	**–**	**–**	**N.A**	**4,307**	**$0.90**	**28.3.2014 – 27.3.2018**
	5,547	**–**	**–**	**N.A**	**5,547**		
2015							
2012 Options – discounted	520	–	(520)	–	–	$0.12	06.3.2014 – 05.3.2017
2013 Options – discounted	6,200	–	–	6,200	1,240	$0.81	28.3.2015 – 27.3.2018
2013 Options – undiscounted	21,533	–	–	21,533	4,307	$0.90	28.3.2014 – 27.3.2018
	28,253	–	(520)	27,733	5,547		

Employee share option scheme

(1) In the previous financial year, the Company undertook a share consolidation exercise whereby every five existing issued ordinary shares of the Company were consolidated into one ordinary share. The number of options outstanding and exercise prices on outstanding options at the beginning of the financial year ended 30 September 2016 and end of the financial year ended 30 September 2015 have been adjusted for the effects of the share consolidation.

- The number of options outstanding and exercisable as at 30 September 2016 was 5,547,000 (2015: 5,547,000).
- The weighted average exercise price for options exercised during the financial year is $Nil (2015: $0.12).
- The weighted average exercise price for options outstanding at the end of the reporting period is $0.88 (2015: $0.88).
- The weighted average remaining contractual life for these options is 1.49 (2015: 2.49) years.

No share options were granted in the current and previous financial years.

Notes to the Financial Statements

For the financial year ended 30 September 2016

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2016 and 2015 are:

	Group	
	2016	**2015**
	$'000	$'000
Current income tax		
- Current financial year	**940**	2,413
- Over provision in respect of previous financial years	**(57)**	(96)
	883	2,317
Deferred income tax		
- Current financial year arising from origination and reversal of temporary differences	**634**	766
- Under provision in respect of previous financial years	**285**	–
	919	766
Income tax expense recognised in profit or loss	**1,802**	3,083

Relationship between tax expense and profit before tax

A reconciliation between the tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 30 September 2016 and 2015 is as follows:

	Group	
	2016	**2015**
	$'000	$'000
Profit before tax	**10,143**	18,486
Tax calculated at domestic rates applicable to profits in the countries where the Group operates	**1,521**	3,060
Adjustments:		
Income not subject to taxation	**(231)**	(9)
Expenses not deductible for tax purposes	**182**	719
Effect of partial tax exemption and tax relief	**(57)**	(35)
Effects of deferred tax not recognised	**546**	48
Effects of enhanced capital allowances and investment allowances	**(387)**	(612)
Under/(over) provision in respect of previous financial years	**228**	(96)
Others	**–**	8
Income tax expense recognised in profit or loss	**1,802**	3,083

As at 30 September 2016, a subsidiary of the Group has unutilised tax losses and unabsorbed capital allowances amounting to $1,328,000 (2015: $189,000) and $4,257,000 (2015: $3,592,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. These losses and capital allowances have no expiry date.

Notes to the Financial Statements

For the financial year ended 30 September 2016

9. Income tax expense (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

10. Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing profit net of tax for the financial year attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year.

The earnings per share is calculated as follows:

	Group	
	2016	**2015**
	$'000	$'000
Profit for the year attributable to owners of the Company	**8,343**	15,461

	Group	
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for basic earnings per share computation	**186,572**	186,946
Basic earnings per share (cents)	**4.47**	8.27

On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

The weighted average number of shares used for the calculation of earnings per share for the comparative period had been adjusted for the effects of the share consolidation.

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing profit net of tax for the financial year attributable to owners of the parent by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2016	**2015**
	$'000	$'000
Profit for the year attributable to owners of the Company	**8,343**	15,461
Add: Interest on 5% convertible bonds, net of tax	**416**	416
Profit for the year attributable to owners of the Company, including assumed conversions	**8,759**	15,877

Notes to the Financial Statements

For the financial year ended 30 September 2016

10. Earnings per share (cont'd)

(b) *Diluted earnings per share (cont'd)*

	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for basic earnings per share computation	**186,572**	186,946
Effects of dilution for share options	**-**	11
Effects of assumed conversion of convertible bonds	**10,000**	10,000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for diluted earnings per share computation	**196,572**	196,957
Diluted earnings per share (cents)	**4.46**	8.06

5,547,000 (2015: 4,307,000) share options granted to employees in 2013 under the BRC Share Option Scheme 2011 outstanding as at 30 September 2016 have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

11. Property, plant and equipment

	Leasehold buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Group							
Cost or valuation							
At 1 October 2014							
Cost	21,466	2,614	82,713	1,163	5,408	3,993	117,357
Valuation	6,300	–	–	–	–	–	6,300
	27,766	2,614	82,713	1,163	5,408	3,993	123,657
Additions	17	–	285	2	79	11,675	12,058
Reclassification	–	–	14,098	76	560	(14,734)	–
Disposal	–	–	–	–	(14)	–	(14)
Written-off	–	–	–	–	(35)	–	(35)
Exchange differences	(949)	(444)	(752)	–	(102)	(114)	(2,361)
At 30 September 2015 and 1 October 2015	**26,834**	**2,170**	**96,344**	**1,241**	**5,896**	**820**	**133,305**
Cost	**20,534**	**2,170**	**96,344**	**1,241**	**5,896**	**820**	**127,005**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**

Notes to the Financial Statements

For the financial year ended 30 September 2016

11. Property, plant and equipment (cont'd)

	Leasehold buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Additions	**–**	**–**	**1,374**	**–**	**97**	**11,306**	**12,777**
Reclassification	**3,769**	**–**	**7,547**	**518**	**267**	**(12,101)**	**–**
Disposal	**–**	**–**	**(581)**	**–**	**(42)**	**–**	**(623)**
Written-off	**–**	**–**	**(85)**	**–**	**(44)**	**–**	**(129)**
Exchange differences	**103**	**47**	**112**	**–**	**13**	**–**	**275**
At 30 September 2016	**30,706**	**2,217**	**104,711**	**1,759**	**6,187**	**25**	**145,605**
Represented by:							
Cost	**24,406**	**2,217**	**104,711**	**1,759**	**6,187**	**25**	**139,305**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
	30,706	**2,217**	**104,711**	**1,759**	**6,187**	**25**	**145,605**
Accumulated depreciation							
At 1 October 2015	11,419	–	40,542	526	3,836	–	56,323
Disposal	–	–	–	–	(14)	–	(14)
Written-off	–	–	–	–	(19)	–	(19)
Exchange differences	(56)	–	(164)	–	(40)	–	(260)
Depreciation charge	804	–	4,052	156	868	–	5,880
At 30 September 2015 and 1 October 2015	**12,167**	**–**	**44,430**	**682**	**4,631**	**–**	**61,910**
Disposal	**–**	**–**	**(454)**	**–**	**(42)**	**–**	**(496)**
Written-off	**–**	**–**	**(68)**	**–**	**(32)**	**–**	**(100)**
Exchange differences	**5**	**–**	**11**	**–**	**3**	**–**	**19**
Depreciation charge	**930**	**–**	**4,802**	**149**	**712**	**–**	**6,593**
At 30 September 2016	**13,102**	**–**	**48,721**	**831**	**5,272**	**–**	**67,926**
Net book value							
At 30 September 2015	**14,667**	**2,170**	**51,914**	**559**	**1,265**	**820**	**71,395**
At 30 September 2016	**17,604**	**2,217**	**55,990**	**928**	**915**	**25**	**77,679**

Notes to the Financial Statements
For the financial year ended 30 September 2016

11. Property, plant and equipment (cont'd)

	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Company						
Cost or valuation						
At 1 October 2014	22,173	69,449	1,163	4,777	3,298	100,860
Cost	15,873	69,449	1,163	4,777	3,298	94,560
Valuation	6,300	–	–	–	–	6,300
Additions	–	15	2	–	11,567	11,584
Reclassification	–	13,537	76	560	(14,173)	–
Transfer to a subsidiary	–	(5,141)	–	(26)	–	(5,167)
Disposal	–	–	–	(15)	–	(15)
Written-off	–	–	–	(35)	–	(35)
At 30 September 2015 and 1 October 2015	**22,173**	**77,860**	**1,241**	**5,261**	**692**	**107,227**
Represented by:						
Cost	**15,873**	**77,860**	**1,241**	**5,261**	**692**	**100,927**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
	22,173	**77,860**	**1,241**	**5,261**	**692**	**107,227**
Additions	**–**	**1,225**	**–**	**–**	**11,306**	**12,531**
Reclassification	**3,769**	**7,438**	**518**	**267**	**(11,992)**	**–**
Disposal	**–**	**(577)**	**–**	**(42)**	**–**	**(619)**
Written-off	**–**	**(85)**	**–**	**(44)**	**–**	**(129)**
At 30 September 2016	**25,942**	**85,861**	**1,759**	**5,442**	**6**	**119,010**
Represented by:						
Cost	**19,642**	**85,861**	**1,759**	**5,442**	**6**	**112,710**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
	25,942	**85,861**	**1,759**	**5,442**	**6**	**119,010**
Accumulated depreciation						
At 1 October 2014	11,251	29,902	527	3,706	–	45,386
Transfer to subsidiary	–	(5,038)	–	(22)	–	(5,060)
Disposal	–	–	–	(14)	–	(14)
Written-off	–	–	–	(19)	–	(19)
Depreciation charge	590	3,745	156	700	–	5,191
At 30 September 2015 and 1 October 2015	**11,841**	**28,609**	**683**	**4,351**	**–**	**45,484**
Disposal	**–**	**(454)**	**–**	**(42)**	**–**	**(496)**
Written-off	**–**	**(68)**	**–**	**(32)**	**–**	**(100)**
Depreciation charge	**737**	**4,471**	**149**	**532**	**–**	**5,889**
At 30 September 2016	**12,578**	**32,558**	**832**	**4,809**	**–**	**50,777**
Net book value						
At 30 September 2015	**10,332**	**49,251**	**558**	**910**	**692**	**61,743**
At 30 September 2016	**13,364**	**53,303**	**927**	**633**	**6**	**68,233**

Notes to the Financial Statements

For the financial year ended 30 September 2016

11. Property, plant and equipment (cont'd)

Assets under construction

The Group's and Company's assets under construction as at 30 September 2016 mainly relate to expenditure for leasehold building and plant and machinery (2015: leasehold buildings and plant and machinery) in the course of construction.

Revaluation of leasehold building

Included in leasehold buildings is a building which was revalued based on appraisals received from an independent firm of professional valuers in 1993. The valuation was based on the open market value of the leasehold building. The revaluation surplus was taken to asset revaluation reserve.

The Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under FRS16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

If the leasehold building stated at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been Nil (2015: Nil).

Assets held under finance leases

During the financial year, the Group acquired plant and machinery with an aggregate cost of $1,028,000 (2015: $10,241,000) by means of finance leases.

The carrying amount of plant and machinery held under finance leases at the end of the reporting period were $9,067,000 (2015: $19,724,000).

The leased assets are pledged as security for the related finance lease liabilities.

12. Investment in joint venture

The Company has a 50% (2015: 50%) equity interest in a joint venture, Anhui BRC & Ma Steel Weldmesh Co. Ltd, incorporated in the People's Republic of China ("PRC"). The joint venture's principal activity is to market and manufacture steel welded wire mesh and other forms of wire and reinforcing steel products for use in the construction industry in the PRC. The Group jointly controls the venture with the other partner under the contractual agreement and unanimous consent is required for all major decisions.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**6,076**	6,076	**6,076**	6,076
Share of post-acquisition reserves	**4,083**	3,533	**–**	–
Less: Accumulated dividends received	**(104)**	(104)	**–**	–
Effects of exchange rates	**107**	1,050	**–**	–
	10,162	10,555	**6,076**	6,076

Notes to the Financial Statements

For the financial year ended 30 September 2016

12. Investment in joint venture (cont'd)

The summarised financial information of the joint venture at the proportion of ownership interest held by the Group which reconciles to the carrying amount of the investment on the consolidated balance sheet is as follows:

	Group	
	2016	**2015**
	$'000	$'000
Summarised balance sheet:		
Cash and cash equivalents	**500**	954
Other current assets	**11,523**	14,261
Current assets	**12,023**	15,215
Non-current assets	**1,710**	2,398
Total assets	**13,733**	17,613
Current liabilities	**1,525**	3,696
Non-current liabilities	**2,046**	3,362
Total liabilities	**3,571**	7,058
Net assets/carrying amount of the investment	**10,162**	10,555
Summarised statement of comprehensive income:		
Revenue	**17,148**	26,160
Depreciation	**(424)**	(459)
Interest expense	**(116)**	(250)
Other expenses	**(16,010)**	(25,768)
Profit/(loss) before tax	**598**	(317)
Tax	**(48)**	(87)
Profit/(loss) after tax representing total comprehensive income	**550**	(404)

13. Investment in subsidiaries

	Company	
	2016	**2015**
	$'000	$'000
Shares, at cost:		
Balance as at beginning of the year	**11,505**	9,240
Additional investment in subsidiaries	**6,655**	7,545
De-registration of a subsidiary	**–**	(5,280)
At the end of the financial year	**18,160**	11,505
Intercompany indebtedness:		
Non-trade amount due from a subsidiary	**12,002**	12,002
Total investment in subsidiaries	**30,162**	23,507

Notes to the Financial Statements

For the financial year ended 30 September 2016

13. Investment in subsidiaries (cont'd)

On 2 August 2016, the Company acquired 1 ordinary share of RM1.00 of Nuformsystem (M) Sdn Bhd ("NMSB") which represented 50% of issued and paid-up share capital of NMSB. Subsequently NMSB increased its issued and paid-up share capital from RM2.00 to RM400,000.00 of which the Company subscribed 203,999 ordinary shares of RM1.00 each. Following such subscription, NMSB has become a 51% owned subsidiary of the Company.

During the year, the Company subscribed for 20,000,000 new ordinary shares in BRC Prefab Holdings Sdn. Bhd. ("BPHSB") for a consideration of $6,587,000 via a capitalization of RM20,000,000 of its non-trade receivable balances due from BPHSB.

In 2015, the Company subscribed for 20,000,000 new ordinary shares in BPHSB for a consideration of $7,545,000 via a capitalization of RM20,000,000 of its non-trade receivable balances due from BPHSB.

Intercompany indebtedness

The amounts owing by a subsidiary included as part of the Company's net investment in subsidiaries are unsecured, bear interest at 1.62% to 2.14% per annum (2015: 1.48% to 1.88%), have no fixed repayment terms and are repayable only when the cash flows of the subsidiary permit.

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest 2016	2015
	Held by the Company				
^	BRC Prefab Sdn. Bhd.	Inactive	Malaysia	**70**	70
@	BRC Prefab Holdings Sdn. Bhd.	Prefabrication, manufacturing and sale, and trading of steel products	Malaysia	**100**	100
**	Eva Investments Pte Ltd	Dormant	Singapore	**100**	100
**	Nuformsystem (M) Sdn Bhd	Dormant	Singapore	**51**	–

^ The subsidiary is audited by Roger Yue, Tan & Associates.

@ Audited by a member firm of Ernst & Young Global in Malaysia

** Not required to be audited.

The Group has no subsidiaries that have non-controlling interests that are material to the Group as at 30 September 2016.

Notes to the Financial Statements

For the financial year ended 30 September 2016

14. Available-for-sale financial assets

	Group and Company	
	2016	**2015**
	$'000	$'000
Listed securities:		
- equity securities - Singapore	**88**	80
Unquoted shares	**2,155**	1,872
	2,243	1,952
At beginning of financial year	**1,952**	2,026
Additions to available-for-sale financial assets	**283**	–
Fair value changes recognised in other comprehensive income [Note 24(b)]	**8**	(74)
At end of financial year	**2,243**	1,952

During the financial year, the Company subscribed for 200,000 unquoted shares in Pristine Island Investment Pte. Ltd. ("PII") for US$200,000 (equivalent to $283,000). The investment in PII is carried at cost as fair value cannot be measured reliably.

During the year, the Company pledged its entire shareholdings in PII to a consortium of banks in respect of loan facilities granted to PII. A similar charge was executed by all other shareholders of PII in respect of their shareholdings.

15. Inventories

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Raw materials	**73,640**	70,145	**66,702**	65,838
Finished goods	**1,195**	780	**767**	727
Goods in transit	**18,075**	22,966	**18,075**	20,904
	92,910	93,891	**85,544**	87,469
Allowance for inventory obsolescence	**(1,465)**	(1,500)	**(1,465)**	(1,500)
	91,445	92,391	**84,079**	85,969

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $272,477,000 (2015: $297,428,000).

The net reversal of allowance for inventory obsolescence recognised as income and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $35,000 (2015: $920,000) The reversal of allowance for inventory obsolescence during the year was made when the related inventories were sold.

Notes to the Financial Statements

For the financial year ended 30 September 2016

16. Trade and other receivables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	**66,049**	70,289	**57,740**	65,834
- Related parties	**153**	128	**153**	128
	66,202	70,417	**57,893**	65,962
Less: Allowance for impairment of trade receivables – third parties	**(647)**	(1,634)	**(612)**	(1,634)
Trade receivables - net	**65,555**	68,783	**57,281**	64,328
Non-trade receivables:				
- Third parties	**378**	35	**–**	–
- Due from subsidiaries	**–**	–	**4,950**	2,648
- Due from a joint venture	**74**	33	**74**	33
Total trade and other receivables	**66,007**	68,851	**62,305**	67,009
Add: Deposits	**245**	499	**229**	482
Cash and cash equivalents (Note 17)	**11,938**	13,940	**7,657**	12,000
Loan to investee company	**4,321**	2,021	**4,321**	2,021
Total loans and receivables	**82,511**	85,311	**74,512**	81,512

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

The non-trade amounts due from subsidiaries are unsecured, bear interest at 1.62% to 2.14% (2015: 1.48% to 1.88%) per annum and repayable on demand and are expected to be settled in cash.

The non-trade amounts due from a joint venture are unsecured, interest-free and repayable on demand and are expected to be settled in cash.

Loan to investee company

During the year, the Company extended additional loan of US$1,700,000 (equivalent to $2,300,000) to Pristine Island Investment Pte. Ltd. which is not expected to be repaid in the next twelve months. The loan is unsecured and bears interest at 1% above prevailing bank lending rates. The shareholders of PII have mutually agreed to waive the interest until the cash flows of PII permits.

Notes to the Financial Statements

For the financial year ended 30 September 2016

16. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $24,264,000 (2015: $27,903,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2016	**2015**
	$'000	$'000
Trade receivables past due:		
- Less than 90 days	**24,106**	26,360
- 90 to 180 days	**158**	1,543
	24,264	27,903

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	**647**	1,634	**612**	1,634
Less: Allowance for impairment	**(647)**	(1,634)	**(612)**	(1,634)
	–	–	**–**	–
Movements in allowance accounts:				
At beginning of financial year	**1,634**	1,751	**1,634**	1,751
Charge for the financial year	**229**	431	**194**	431
Reversal during the financial year	**(102)**	(128)	**(102)**	(128)
Bad debts written off against allowance	**(1,114)**	(420)	**(1,114)**	(420)
At end of financial year	**647**	1,634	**612**	1,634

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and/or have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Trade and other receivables denominated in foreign currency at 30 September is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Malaysia Ringgit	**–**	–	**–**	8

Notes to the Financial Statements

For the financial year ended 30 September 2016

17. Cash and cash equivalents

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**11,938**	13,940	**7,657**	12,000

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates for the financial year for the Group and Company were 1.56% (2015: 1.55%) and 0.60% (2015: 0.26%) per annum respectively.

Cash and cash equivalents denominated in foreign currencies at 30 September are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
United States Dollar	**107**	2,613	**7**	1,571
Malaysia Ringgit	**43**	22	**43**	22

18. Trade and other payables

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	$'000	$'000	$'000
Trade payables:					
- Third parties		**23,587**	21,812	**22,701**	21,710
	(a)	**23,587**	21,812	**22,701**	21,710
Non-trade payables:					
- Due to related parties	(b)	**–**	90	**–**	90
- Due to subsidiary	(b)	**–**	–	**69**	67
Accrued employee compensation		**4,675**	6,959	**4,675**	6,959
Accrued operating expenses		**3,634**	7,917	**3,225**	7,593
Total trade and other payables		**31,896**	36,778	**30,670**	36,419
Add: Loans and borrowings (Note 20)		**51,748**	46,908	**46,534**	42,367
Total financial liabilities carried at amortised cost		**83,644**	83,686	**77,204**	78,786

(a) Trade payables are generally settled on 1 to 90 days' terms.

(b) The non-trade amounts due to related parties and a subsidiary are unsecured, interest-free, repayable upon demand and are expected to be settled in cash.

Notes to the Financial Statements

For the financial year ended 30 September 2016

18. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at 30 September are as follows:

	Group and Company	
	2016	**2015**
	$'000	$'000
Euro	**32**	1,043
United States Dollar	**2,054**	72
Malaysia Ringgit	**39**	8

19. Advances received

The advances received from third parties are unsecured and to be applied against subsequent invoices issued by the Group and Company to these parties.

20. Loans and borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Current				
Bills payable to banks (unsecured)	**37,056**	22,324	**31,842**	17,783
Finance lease obligations (secured) [Note 27(c)]	**2,557**	10,920	**2,557**	10,920
	39,613	33,244	**34,399**	28,703
Non-current				
Finance lease obligations (secured) [Note 27(c)]	**2,135**	3,664	**2,135**	3,664
Convertible bonds (unsecured)	**10,000**	10,000	**10,000**	10,000
	12,135	13,664	**12,135**	13,664
Total loans and borrowings	**51,748**	46,908	**46,534**	42,367

Bills payable to banks

Bills payable bears interest at 1.3% to 2.6% per annum (2015: 1.2% to 2.5% per annum) and is repayable within 6 months (2015: 4 months) after the financial year end.

Finance lease obligations

These obligations are secured by a charge over the leased assets (Note 11). The discount rate implicit in the lease is 1.90% to 2.85% (2015: 1.90% to 2.08%) per annum.

Convertible bonds

The Company issued $10,000,000 redeemable convertible bonds (the "Bonds") on 16 May 2014 which are due five years from the issue date of the Bonds. The total proceeds of $10,000,000 had been used to pay the Company's trust receipts.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every $1.00 (2015: $1.00) of Bonds held. The conversion price was adjusted in the previous financial year for the effects of the Company's share consolidation.

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

Notes to the Financial Statements

For the financial year ended 30 September 2016

21. Provisions

	Group and Company	
	2016	**2015**
	$'000	$'000
Current:		
Provision for onerous contracts	**2,592**	3,137
Non-current:		
Provision for retirement benefits	**427**	489

Provision for retirement benefits

The Group and the Company have in place a retirement benefit scheme for employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one week's pay for each full year of service at the employee's last-drawn basic salary at date of retirement. The retirement benefit scheme is unfunded and will be paid out by the Company in cash when due. As at 30 September 2016, there are no plan assets (2015: Nil).

The changes in the present value of the defined retirement benefit obligation recognised as a liability in the balance sheets are as follows:

	Group and Company	
	2016	**2015**
	$'000	$'000
At beginning of financial year	**489**	518
Payment during financial year	**(80)**	(43)
Charged to statement of comprehensive income (Note 8)	**18**	14
Service cost	**10**	9
Interest cost	**8**	5
At end of financial year	**427**	489

Of the total charged, amounts of $3,000 (2015: $5,000) and $15,000 (2015: $9,000) were included in "cost of goods sold" and "administrative expenses" respectively.

The principal actuarial assumptions at the balance sheet date are as follows:

	Group and Company	
	2016	**2015**
Discount rate at 30 September	**2%**	3%
Future salary increases	**1%**	3%
Resignation rate	**0%**	0%

Notes to the Financial Statements

For the financial year ended 30 September 2016

21. Provisions (cont'd)

Provision for retirement benefits (cont'd)

Amounts for the current and previous four periods are as follows:

	Group and Company				
	2016 $'000	**2015** $'000	**2014** $'000	**2013** $'000	**2012** $'000
Defined benefit obligation	**427**	489	518	500	460

Provision for onerous contracts

Provision for onerous contracts are recorded in respect of certain sales contracts for which the costs to meet the obligations are expected to exceed the economic benefits to be received under it.

	Group and Company	
	2016 $'000	**2015** $'000
At beginning of financial year	**3,137**	328
(Reversal)/charge for the year, net	**(545)**	2,809
At end of financial year	**2,592**	3,137

22. Deferred tax liabilities

Deferred tax as at 30 September 2016 and 2015 relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2016 $'000	**2015** $'000	**2016** $'000	**2015** $'000	**2016** $'000	**2015** $'000
Deferred tax assets:						
Provisions	**513**	578	**65**	(434)	**513**	578
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(8,780)**	(7,926)	**854**	1,200	**(8,780)**	(7,926)
Deferred tax liabilities, net	**(8,267)**	(7,348)			**(8,267)**	(7,348)
Deferred tax expense			**919**	766		

Notes to the Financial Statements

For the financial year ended 30 September 2016

23. Share capital and treasury shares

Share capital

	Group and Company			
	2016		2015	
	No. of ordinary shares '000	$'000	No. of ordinary shares '000	$'000
Issued and fully paid				
At beginning of financial year	**187,962**	68,011	939,289	67,931
Exercise of employees share options	**–**	–	520	80
Before share consolidation	**N.A**	N.A	939,809	68,011
At end of financial year	**187,962**	68,011	187,962*	68,011

* On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has a share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

Treasury shares

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid				
At beginning of financial year	**984**	**689**	1,200	190
After share consolidation	**N.A**	**N.A**	240*	190
Acquisition of shares subsequent to share consolidation	**528**	**355**	744	499
At end of financial year	**1,512**	**1,044**	984*	689

* On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired 528,000 (2015: 744,000) shares in the Company through purchase on the SGX-ST during the financial year.

The total amount paid to acquire the shares was $355,000 (2015: $499,000) and this was presented as a component within shareholders' equity. There was no reissuance of treasury shares since their acquisitions.

Notes to the Financial Statements

For the financial year ended 30 September 2016

24. Other reserves

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Share option reserve	(a)	**974**	974	**974**	974
Fair value adjustment reserve	(b)	**(72)**	(80)	**(72)**	(80)
Foreign currency translation reserve	(c)	**(2,692)**	(2,116)	**–**	–
Asset revaluation reserve	(d)	**597**	597	**597**	597
		(1,193)	(625)	**1,499**	1,491

(a) ***Share option reserve***

Share option reserve represents the equity-settled share options granted to employees (Note 8). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2016	2015
	$'000	$'000
At beginning of financial year	**974**	932
Value of employee services	**–**	61
Issuance of shares upon exercise of share options	**–**	(19)
At end of financial year	**974**	974

(b) ***Fair value adjustment reserve***

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group and Company	
	2016	2015
	$'000	$'000
At beginning of financial year	**(80)**	(6)
Available-for-sale financial assets:		
- Net gain/(loss) on fair value changes during the financial year	**8**	(74)
At end of financial year	**(72)**	(80)

Notes to the Financial Statements

For the financial year ended 30 September 2016

24. Other reserves (cont'd)

(c) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of exchange differences arising on monetary items that forms part of the Group's net investment in foreign operations.

	Group	
	2016	**2015**
	$'000	$'000
At beginning of financial year	**(2,116)**	(439)
Net effect of exchange differences arising from the translation of financial statements of foreign operations	**(815)**	(26)
Net effect of exchange differences arising on quasi capital non-trade amount due from a subsidiary	**239**	(2,314)
Reclassification of currency translation reserve to profit and loss upon de-registration of subsidiary	**–**	663
At end of financial year	**(2,692)**	(2,116)

(d) *Asset revaluation reserve*

Asset revaluation reserve arose on revaluation of a certain leasehold building in 1993 (Note 11). There is no movement in asset revaluation reserve during the current and previous financial years as the Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under FRS 16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

25. Dividends

	Group and Company	
	2016	**2015**
	$'000	$'000
Declared and paid during the financial year:		
Cash dividends on ordinary shares:		
- Interim exempt (one-tier) dividend for 2016: Nil cents (2015: 0.50 cents) per share	**–**	4,693*
- Final exempt (one-tier) dividend for 2015: 2 cents (2014: 0.80 cents) per share	**3,731**	7,509*
	3,731	12,202

*Prior to share consolidation as disclosed in Note 23.

Proposed but not recognised as a liability as at 30 September:

Dividends on ordinary shares, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"):

	Group and Company	
	2016	**2015**
	$'000	$'000
- Final exempt (one-tier) dividend for 2016: 2.4 cents (2015: 2 cents) per share	**4,475**	3,740
	4,475	3,740

Notes to the Financial Statements

For the financial year ended 30 September 2016

26. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following were significant transactions between the Group and related parties on rates and terms agreed during the financial year:

(a) ***Sales and purchases of goods and services***

	Group	
	2016	**2015**
	$'000	$'000
Sales of goods to companies related to directors	**3,705**	671
Purchases from companies related to directors	**(131)**	(854)
Interest paid to companies related to directors	**(25)**	–

(b) ***Compensation of key management personnel***

The remuneration of directors and other members of key management of the Group paid during the financial year is as follows:

	Group	
	2016	**2015**
	$'000	$'000
Wages and salaries	**2,936**	4,069
Employer's contribution to Central Provident Fund	**123**	85
Other short-term benefits	**381**	382
Directors' fees	**308**	308
	3,748	4,844

Included in the above is the total compensation to directors of the Company amounting to $1,833,000 (2015: $2,692,000).

The total amount of outstanding share options granted by the Group to one of the Company's executive director under the BRC Share Option Scheme 2011 directors amounted to $3,186,600 (2015: 3,186,600). No share options have been granted to the Company's non-executive directors.

27. Commitments and contingencies

(a) ***Capital commitments***

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Capital commitment in respect of:				
Plant and machinery	**3,678**	2,405	**1,480**	2,405
Leasehold building	**74**	3,132	**74**	3,132
Furniture and equipment	**2**	57	**2**	57
	3,754	5,594	**1,556**	5,594

Notes to the Financial Statements

For the financial year ended 30 September 2016

27. Commitments (cont'd)

(b) *Operating lease commitments*

As a lessee

As at the balance sheet date, the Group and the Company have operating lease commitments for rental payable in subsequent periods as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Future minimum lease payments				
Within one financial year	**4,737**	4,149	**4,649**	4,149
After one financial year but within five financial years	**9,096**	6,697	**9,067**	6,697
After five financial years	**12,874**	14,186	**12,874**	14,186
	26,707	25,032	**26,590**	25,032

The above operating lease commitments are based on existing rates. The lease agreements have a provision for a periodic revision of such rates in the future.

(c) *Finance lease commitments*

The Group has finance leases for certain items of plant and machinery.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group and Company			
	2016		**2015**	
	Minimum lease payments	**Present value of payments (Note 20)**	**Minimum lease payments**	**Present value of payments (Note 20)**
	$'000	$'000	$'000	$'000
Within 1 year	**2,636**	**2,557**	11,095	10,920
After 1 year but within 5 years	**2,203**	**2,135**	3,720	3,664
Total minimum lease payments	**4,839**	**4,692**	14,815	14,584
Less : Amount representing finance charges	**(147)**	**–**	(231)	–
Present value of minimum lease payments	**4,692**	**4,692**	14,584	14,584

(d) *Contingencies*

The Company has provided a corporate guarantee in respect of banking facilities provided by a bank to a subsidiary. As at 30 September 2016, the amount of facilities drawn down by the subsidiary amounted to $5,214,000 (2015: $4,541,000).

The Company has provided a corporate guarantee in respect of banking facilities provided by a consortium of banks to an investee company up to the extent of the Company's 17% shareholdings in the investee company. As at 30 September 2016, the amount of facilities drawn down by the investee company amounted to $11,836,000 (2015: Nil).

Notes to the Financial Statements

For the financial year ended 30 September 2016

28. Derivative financial instruments

Derivative financial instruments comprise the net fair value changes on currency forward contracts that are used to hedge foreign currency payables and contracted purchase commitments of inventories denominated in US Dollar which exist at the balance sheet date and extending to December 2016 (2015: January 2016). Currency forward contracts with maturity up to September 2017 (2015: Nil) are also used to hedge the Group's exposure to currency fluctuations in Malaysian Ringgit arising from its investment in Malaysia.

	2016			2015		
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Currency forward contracts	**73,284**	**543**	**–**	84,814	699	–
Total financial assets at fair value through profit or loss		**543**	**–**		699	–
Company						
Currency forward contracts	**72,488**	**521**	**–**	84,814	699	–
Total financial assets at fair value through profit or loss		**521**	**–**		699	–

29. Segment reporting

For management purposes, the Group is principally involved in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. There is only one primary business segment involved; being the entire Group's steel related operations, and accordingly the information regarding its financial position and results is represented by the financial statements as a whole. Hence, no separate business segment information is presented.

Notes to the Financial Statements

For the financial year ended 30 September 2016

29. Segment reporting (cont'd)

Geographical segments

The Group's business operates in three main geographical areas. Sales revenue is based on the country in which the customer is located. Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash and bank balances.

	Singapore	People's Republic of China - Joint Venture	Malaysia	Group
	$'000	$'000	$'000	$'000
Financial year ended 30 September 2016				
Revenue	**321,295**	**–**	**25,457**	**346,752**
Profit/(loss) after tax	**8,597**	**550**	**(806)**	**8,341**
Total assets	**226,128**	**10,162**	**32,491**	**268,781**
Total non-current assets	**74,796**	**10,162**	**9,447**	**94,405**
Capital expenditure	**12,531**	**–**	**246**	**12,777**
Financial year ended 30 September 2015				
Revenue	365,123	–	19,804	384,927
Profit/(loss) after tax	15,453	(404)	354	15,403
Total assets	234,451	10,555	22,796	267,802
Total non-current assets	65,717	10,555	9,651	85,923
Capital expenditure	11,584	–	474	12,058

30. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the Financial Statements

For the financial year ended 30 September 2016

30. Fair value of assets and liabilities (cont'd)

(b) ***Assets measured at fair value***

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$'000	$'000	$'000	$'000
2016				
Available-for-sale financial assets (Note 14)	**88**	**–**	**–**	**88**
Derivative financial instruments (Note 28) - Currency forward contracts	**–**	**543**	**–**	**543**
Financial assets as at 30 September 2016	**88**	**543**	**–**	**631**
2015				
Available-for-sale financial assets (Note 14)	80	–	–	80
Derivative financial instruments (Note 28) - Currency forward contracts	–	699	–	699
Financial assets as at 30 September 2015	80	699	–	779

(c) ***Level 2 fair value measurements***

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial instruments (Note 28):

Currency forward contracts are valued according to valuations obtained from reputable financial institutions as at the end of the reporting period.

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

Fair value information has not been disclosed for the Group's and Company's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in a Singapore investment company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

Notes to the Financial Statements

For the financial year ended 30 September 2016

30. Fair value of assets and liabilities (cont'd)

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)***

Fair value information is not disclosed for the following financial instruments of the Group and Company as at 30 September 2016 as the difference between the carrying amounts and their fair values are not significant.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Financial assets:				
Due from subsidiaries	**–**	–	**4,950**	2,648
Financial liabilities:				
Obligations under finance lease	**(4,692)**	(14,584)	**(4,692)**	(14,584)
Convertible bonds	**(10,000)**	(10,000)	**(10,000)**	(10,000)
Net financial liabilities	**(14,692)**	(24,584)	**(9,742)**	(21,936)

31. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees on the policies and procedures for the management of these risks, which are executed by the Group Managing Director and/or the Group Financial Controller.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's credit risk arises primarily from trade and other receivables. For other financial assets (including available-for-sale financial assets, derivative financial instruments, and cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group and the Company have a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit review, which takes into account qualitative and quantitative factors such as business performance and profile of the customers, is performed and approved by the management before credit is granted. All customer payment profiles and credit exposures are monitored on an on-going basis by the Accountant.

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets including derivative financial instruments with positive fair values.

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31. Financial risk management objective and policies (cont'd)

(a) ***Credit risk (cont'd)***

Credit risk concentration profile

The Group's and the Company's trade receivables concentration profiles by geographical areas and industry sectors as at the end of reporting period are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
By country:				
- Singapore	**57,250**	64,214	**57,250**	64,214
- Malaysia	**8,274**	4,455	**–**	–
- Indonesia	**31**	114	**31**	114
	65,555	68,783	**57,281**	64,328
By industry sector:				
- Construction	**65,555**	68,783	**57,281**	64,328

At the end of the reporting period, approximately:

- 28% (2015: 34%) of the Group's and 32% (2015: 36%) of the Company's trade receivables were due from 10 (2015: 10) major customers who are in the construction industry in Singapore.

- 8% (2015: 4%) of the Company's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Cash and cash equivalents and derivative financial instruments that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. Trade and other receivables that are neither past due nor impaired are with creditworthy debtors having good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from reputable financial institutions. In addition, the Group and the Company also maintain surplus cash balances for future investment opportunities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations:

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For the financial year ended 30 September 2016

31. Financial risk management objective and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	Within 1 year $'000	2 to 5years $'000	Total $'000
Group			
At 30 September 2016			
Financial assets:			
Loan to investee company	**–**	**5,878**	**5,878**
Available-for-sale financial assets	**–**	**2,243**	**2,243**
Trade and other receivables	**66,007**	**–**	**66,007**
Cash and cash equivalents	**11,938**	**–**	**11,938**
Other current assets - deposits	**245**	**–**	**245**
Derivative financial instruments			
- Receipts	**73,138**	**–**	**73,138**
- Payments	**(72,595)**	**–**	**(72,595)**
Total undiscounted financial assets	**78,733**	**8,121**	**86,854**
Financial liabilities:			
Trade and other payables	**31,896**	**–**	**31,896**
Loans and borrowings	**40,375**	**13,014**	**53,389**
Total undiscounted financial liabilities	**72,271**	**13,014**	**85,285**
Total net undiscounted financial assets/(liabilities)	**6,462**	**(4,893)**	**1,569**
At 30 September 2015			
Financial assets:			
Loan to investee company	–	2,409	2,409
Available-for-sale financial assets	–	1,952	1,952
Trade and other receivables	68,851	–	68,851
Cash and cash equivalents	13,940	–	13,940
Other current assets - deposits	499	–	499
Derivative financial instruments			
- Receipts	60,024	–	60,024
- Payments	(59,325)	–	(59,325)
Total undiscounted financial assets	83,989	4,361	88,350
Financial liabilities:			
Trade and other payables	36,778	–	36,778
Loans and borrowings	34,057	15,031	49,088
Total undiscounted financial liabilities	70,835	15,031	85,866
Total net undiscounted financial assets/(liabilities)	13,154	(10,670)	2,484

Notes to the Financial Statements

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31. Financial risk management objective and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Company			
At 30 September 2016			
Financial assets:			
Loan to investee company	**–**	**5,878**	**5,878**
Available-for-sale financial assets	**–**	**2,243**	**2,243**
Trade and other receivables	**62,305**	**–**	**62,305**
Cash and cash equivalents	**7,657**	**–**	**7,657**
Other current assets - deposits	**229**	**–**	**229**
Derivative financial instruments			
- Receipts	**72,488**	**–**	**72,488**
- Payments	**(71,967)**	**–**	**(71,967)**
Total undiscounted financial assets	**70,712**	**8,121**	**78,833**
Financial liabilities:			
Trade and other payables			
Loans and borrowings	**30,670**	**–**	**30,670**
	35,128	**13,014**	**48,142**
Total undiscounted financial liabilities	**65,798**	**13,014**	**78,812**
Total net undiscounted financial assets/(liabilities)	**4,914**	**(4,893)**	**21**
Company			
At 30 September 2015			
Financial assets:			
Loan to investee company	–	2,409	2,409
Available-for-sale financial assets	–	1,952	1,952
Trade and other receivables	67,009	–	67,009
Cash and cash equivalents	12,000	–	12,000
Other current assets - deposits	482	–	482
Derivative financial instruments			
- Receipts	60,024	–	60,024
- Payments	(59,325)	–	(59,325)
Total undiscounted financial assets	80,190	4,361	84,551
Financial liabilities:			
Trade and other payables	36,419	–	36,419
Loans and borrowings	29,492	15,031	44,523
Total undiscounted financial liabilities	65,911	15,031	80,942
Total net undiscounted financial assets/(liabilities)	14,279	(10,670)	3,609

Notes to the Financial Statements

For the financial year ended 30 September 2016

31. Financial risk management objective and policies (cont'd)

(b) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group and Company's commitments. The maximum amount of the corporate guarantee is allocated to the earliest period in which the guarantee could be called.

	Group and Company	
	2016	**2015**
	$'000	$'000
Corporate guarantee – 1 year or less	**5.214**	4,541
Corporate guarantee – 1 to 5 years	**2,012**	-
	7,226	4,541

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and finance lease obligations. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2015: 4 months) from the balance sheet date.

The Group's exposure to market interest rates arises from its bills payables which bears interest at 1.3% to 2.6% (2015: 1.2% to 2.5%) per annum.

At the end of reporting period, if SGD interest rates had been 50 basis points lower/ higher with all other variables constant, the Group's profit before tax would have been $53,000 (2015: $29,600) higher/lower respectively as a result of lower/ higher interest expense on the bills payables.

(d) *Foreign currency risk*

The Group and the Company have transactional currency exposures arising from purchases that 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 the US Dollar ("USD") and Euro.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and MYR.

The Group and the Company use currency forward contracts to hedge its exposure to foreign currency exchange risk arising from purchases which are mainly denominated in USD. The Group's and the Company's trade payables balances at the balance sheet date have similar exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations which include Malaysia and Peoples' Republic of China.

Notes to the Financial Statements

For the financial year ended 30 September 2016

31. Financial risk management objective and policies (cont'd)

(d) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD/SGD and Euro/SGD exchange rate, with all other variables held constant, of the Group's profit before tax:

		2016 Increase/(decrease) in Profit before tax $'000	2015 Increase/(decrease) in Profit before tax $'000
Group and Company			
USD/SGD	- strengthened 7% (2015: 7%)	**(136)**	178
	- weakened 7% (2015: 7%)	**136**	(178)
Euro/SGD	- strengthened 7% (2015: 7%)	**(2)**	(73)
	- weakened 7% (2015: 7%)	**2**	73

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group includes within net debt, loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	Group	
	2016 $'000	2015 $'000
Loans and borrowings	**51,748**	46,908
Less:		
Cash and cash equivalents	**(11,938)**	(13,940)
Net debt	**39,810**	32,968
Equity attributable to owners of the Company	**171,607**	167,918
Capital plus net debt	**211,417**	200,886
Gearing ratio	**19%**	16%

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated on 21 December 2016.

Appendix I

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE OF BRC ASIA LIMITED (THE "COMPANY")

1. BACKGROUND

1.1 Notice of AGM

We refer to Ordinary Resolution 9 set out in the notice of annual general meeting ("**Notice of AGM**") at pages 99 to 102 of the annual report of the Company dated 30 December 2016 ("**Annual Report**").

1.2 Letter to Shareholders

The purpose of this Appendix I is to provide shareholders of the Company ("**Shareholders**") with information relating to, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate (as defined in **paragraph 1.4** below), and to seek their approval in relation therefor at the annual general meeting of the Company to be held on 23 January 2017 ("**AGM**").

The details of the Share Purchase Mandate are set out at **paragraph 2** of this Appendix I.

1.3 SGX-ST

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix I.

1.4 Proposed Renewal of the Share Purchase Mandate

It is a requirement under the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time ("**Companies Act**") for a company to obtain the approval of its shareholders to purchase or otherwise acquire its own shares at a general meeting of its shareholders. At the annual general meeting of the Company held on 28 January 2016 ("**2016 AGM**"), shareholders of the Company ("**Shareholders**") had approved, *inter alia*, the renewal of the share purchase mandate approved on 23 January 2015 authorising the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") (the "**Share Purchase Mandate**").

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution 9 at the 2016 AGM and will expire on the date of the forthcoming AGM, scheduled to be held on 23 January 2017. Accordingly, the directors of the Company ("**Directors**") are proposing to seek Shareholders' approval for the renewal of the Share Purchase Mandate at the AGM. The Share Purchase Mandate is set out in Ordinary Resolution 9 in the Notice of AGM.

As at 5 December 2016, being the latest practicable date prior to the printing of this Appendix I (the "**Latest Practicable Date**"), the Company had purchased an aggregate of 1,511,800 Shares by way of Market Purchases (as defined in **paragraph 2.2.3** below) in the following manner:

(i) pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting of the Company held on 18 January 2012, the Company purchased 1,200,000 pre-consolidated Shares which after taking into account the share consolidation on 21 August 2015 (the "**Share Consolidation**") would be 240,000 Shares;

(ii) pursuant to the Share Purchase Mandate approved by the Shareholders at the 2015 AGM, the Company, purchased 1,097,400 Shares; and

(iii) pursuant to the Share Purchase Mandate approved by the Shareholders at the 2016 AGM, the Company, purchased 174,400 Shares.

1.5 Advice to Shareholders

If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. SHARE PURCHASE MANDATE

2.1 Background and Rationale

The Directors wish to renew the Share Purchase Mandate to allow the Company to purchase issued Shares. The Share Purchase Mandate will allow the Directors to make share purchases at the appropriate price level and is one of the ways through which the return on equity of the Company and its subsidiaries ("Group") may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the share structure of the Company and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share ("EPS") and/or the net tangible asset ("NTA") per Share of the Company.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.1 Background and Rationale (cont'd)

During the period when the Share Purchase Mandate is in force, the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares when and if the circumstances permit. The Share Purchase Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation. The Share Purchase Mandate will also allow the Directors to effectively manage and minimise the dilution impact (if any) associated with share option schemes and performance share plans.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to ten per cent. (10%) of the issued share capital of the Company (excluding Shares held in treasury) as at the date of the AGM at which the Share Purchase Mandate is approved, Shareholders should note that purchases and acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

2.2 Details of the Share Purchase Mandate

Save for **paragraph 2.8** below, the authority and limitations placed on purchases or acquisitions of Shares under the Share Purchase Mandate, if renewed at the AGM, are the same as previously approved by Shareholders at the 2016 AGM and, for the benefit of Shareholders, are summarised below:

2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased is limited to that number of Shares representing not more than ten per cent. (10%) of the issued Shares as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved ("**Approval Date**"), unless the Company has, at any time during the relevant period, effected a reduction of its share capital in accordance with the applicable Companies Act, in which event the issued share capital of the Company as altered pursuant to such reduction.

Purely for illustrative purposes, based on 186,449,889 issued Shares as at the Latest Practicable Date (disregarding Treasury Shares (as defined in **paragraph 2.2.3** below) as at the Latest Practicable Date) and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares (as defined in paragraph 2.2.3 below)) will result in the purchase or acquisition of 18,644,988 Shares.

In the event that any of the outstanding share options granted under the BRC Share Option Scheme 2011 (which was adopted at the extraordinary general meeting of the Company held on 25 January 2011) ("**Share Options**") that have vested are exercised during the period between the Latest Practicable Date and the date of the AGM, or any of the convertible bonds issued by the Company ("**Convertible Bonds**") are converted, only those new Shares that are allotted and issued by the Approval Date pursuant to the exercise of such vested Share Options or the conversion of Convertible Bonds (as the case may be) will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

2.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, up to such time that:

(i) the next annual general meeting of the Company is held or required by law to be held;

(ii) purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the authority conferred by the Share Purchase Mandate is varied or revoked, whichever is the earliest.

2.2.3 Manner of Purchases

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**"); and/or otherwise than on the SGX-ST, effected pursuant to an equal access scheme ("**Off-Market Purchases**").

Market Purchases refer to purchases of Shares by the Company transacted on the SGX-ST through SGX Reach, the securities trading system of the SGX-ST which replaced Quest-ST as of 15 August 2011, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.3 Manner of Purchases (cont'd)

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Purchase Mandate, the listing rules ("**Listing Rules**") of the SGX-ST and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(a) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

(b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares

In addition, pursuant to Rule 885 of the Listing Rules and the Companies Act, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document or notice to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the maximum number of Shares or the maximum percentage of ordinary shares authorised to be purchased or acquired;

(iii) the maximum price which may be paid for the Shares;

(iv) the date on which the Share Purchase Mandate is to expire, being a date that must not be later than the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is earlier;

(v) the sources of funds to be used for the purchase or acquisition of the Shares including the amount of financing and its impact on the Company's financial position;

(vi) the period and procedures for acceptances;

(vii) the reasons for the proposed purchase or acquisition of Shares;

(viii) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers ("**Take-over Code**") or other applicable take-over rules;

(ix) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(x) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases; and

(xi) whether the Shares purchased by the Company will be cancelled or kept as treasury shares (as defined in the Companies Act) ("**Treasury Shares**").

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.4 Maximum Purchase Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter) of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the "Maximum Price").

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) days on which the SGX-ST is open for trading in securities ("**Market Days**") on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after the relevant five (5) Market Day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of Purchased Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share. At the time of each purchase or acquisition of the Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

2.4.1 Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

2.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company will not have the right to attend or vote at meetings and to receive any dividends or other distribution of the Company's assets in respect of the Treasury Shares.

However, the allotment of Treasury Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller number is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.4 Treasury Shares (cont'd)

2.4.3 Disposal and Cancellation

Where the Company holds Shares as Treasury Shares, it may dispose of such Treasury Shares at any time in the following ways:

(i) sell the Treasury Shares for cash;

(ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

In addition, under Rule 704(28) of the Listing Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

2.5 Reporting Requirements

Within thirty (30) days of passing a Shareholders' resolution to approve the purchase or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**").

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of purchases or acquisitions including the date of the purchases or acquisitions, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchases and acquisitions of Shares, the amount of consideration paid by the Company for the purchases or acquisitions, and such other information required by the Companies Act.

Rule 886 of the Listing Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9:00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.6 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Constitution of the Company and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares pursuant to the Share Purchase Mandate, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or distributable profits provided that:

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.6 Source of Funds (cont'd)

(i) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of purchase; and

(ii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Where the purchase of Shares is made out of distributable profits, such purchase (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares but the amount available for the distribution of cash dividends by the Company will not be reduced.

The Company will use its internal resources and/or external borrowings to finance its purchase or acquisition of the Shares. Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

However, the Directors do not propose to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, how the purchase or acquisition is funded, whether the Shares purchased or acquired are held as Treasury Shares or immediately cancelled on purchase or acquisition as well as how the Shares if held as Treasury Shares, are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Accordingly, it is not possible for the Company to calculate or quantify the actual impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS of the Company and the Group.

2.7.1 <u>Illustrative Financial Effects</u>

For illustrative purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2016 (please refer to page 33 of the Annual Report), and assuming that none of the outstanding Share Options are exercised and none of the Convertible Bonds are converted before the AGM, and based on the assumptions set out below:

(i) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 18,644,988 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date and the Shares are purchased at $ 0.5376 per Share, being a price representing one hundred and five per cent. (105%) of the Average Closing Price as at the Latest Practicable Date; and

(ii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 18,644,988 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date and the Shares are purchased at $0.5632 per Share, being a price representing one hundred and ten per cent. (110%) of the Average Closing Price as at the Latest Practicable Date,

and provided that the purchases or acquisitions are financed entirely out of internal sources of funds and the purchased or acquired Shares are cancelled or held in treasury, the impact of the purchase of Shares by the Company pursuant to the Share Purchase Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 September 2016 would be as set out below.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects (cont'd)

	Market Share Purchase ($'000)		Off-Market Share Purchase ($'000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Group				
Total Equity	171,612	161,588	171,612	161,111
Net Tangible Assets ("NTA")	171,612	161,588	171,612	161,111
Current Assets	174,376	164,352	174,376	163,875
Current Liabilities	76,340	76,340	76,340	76,340
Total Borrowings	51,748	51,748	51,748	51,748
Cash and Cash Equivalents	11,938	1,914	11,938	1,437
No. of issued and paid-up Shares ('000) (excluding treasury shares)	186,450	167,805	186,450	167,805
Financial Ratios				
NTA per Share (cents) [1a]	92.04	96.30	92.04	96.01
Gearing (times) [1b]	0.30	0.32	0.30	0.32
Basic Earnings per Share (cents) [1c]	4.47	4.97	4.47	4.97
Company				
Total Equity	176,822	166,798	176,822	166,321
Net Tangible Assets ("NTA")	176,822	166,798	176,822	166,321
Current Assets	156,531	148,874	156,531	148,874
Current Liabilities	69,915	72,282	69,915	72,759
Total Borrowings	46,534	48,901	46,534	49,378
Cash and Cash Equivalents	7,657	-	7,657	-
No. of issued and paid-up Shares ('000) (excluding treasury shares)	186,450	167,805	186,450	167,805
Financial Ratios				
NTA per Share (cents) [1a]	94.84	99.40	94.84	99.12
Gearing (times) [1b]	0.26	0.29	0.26	0.30
Basic Earnings per Share (cents) [1c]	4.84	5.38	4.84	5.38

Notes:

(1) For the purposes of the above calculations:

(a) "**NTA per Share**" is calculated based on the NTA and the issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date;
(b) "**Gearing**" represents the ratio of total borrowings to total equity; and
(c) "**Basic Earnings per Share**" is calculated based on profit attributable to Shareholders and number of issued and paid-up Shares (excluding treasury shares) as at the Latest Practicable Date.

Shareholders should note that the financial effects set out in this section are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Group's and the Company's financial figures.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.8 Tax Implications

The proceeds received by Shareholders from the Company will be treated for income tax purposes in the same manner as proceeds arising from any other disposal of shares. Whether the payment is taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Listing Rules

Under Rule 884 of the Listing Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per cent. (5%) above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made.

The Maximum Price for a Share in relation to Market Purchases by the Company conforms to this restriction.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Rule 1207(19) of the Listing Rules provides, *inter alia*, that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two (2) weeks before the announcement of each of the issuer's results for the first three (3) quarters, and one (1) month before the announcement of the issuer's annual (full year) results, as the case may be, and ending on the date of the announcement of the relevant results. In line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full year results and the period of two (2) weeks immediately preceding the announcement of the Company's results for the first three (3) quarters.

2.10 Listing Status

The Company is required under Rule 723 of the Listing Rules to ensure that at least ten per cent. (10%) of any class of its equity securities (excluding preference shares and convertible equity securities) are in the hands of the public. The "public", as defined under the Listing Rules, are persons other than its Directors, chief executive officer, Substantial Shareholders or controlling shareholders and its subsidiaries, as well as the associates of such persons. For purposes of this Appendix I, the terms "**Substantial Shareholder**" and "**subsidiary**" shall have the meaning ascribed to them in the Companies Act and the terms "**controlling shareholde**r" and "**associate**" shall have the meanings ascribed to them in the Listing Rules.

As at the Latest Practicable Date, there are 49,706,991 Shares in the hands of the public (as defined above), representing 26.66% of the issued Shares (excluding Treasury Shares) . Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, the number of Shares in the hands of the public would be reduced to 31,062,003 Shares, representing 18.51% of the reduced issued share capital (excluding Treasury Shares) of the Company.

In undertaking any purchases of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remains in public hands so that the Share purchase(s) will not:

(i) adversely affect the listing status of the Shares on the SGX-ST;

(ii) cause market illiquidity; or

(iii) adversely affect the orderly trading of Shares.

Under the Take-over Code, a person will be required to make a general offer for a public company if:

(i) he acquires thirty per cent. (30%) or more of the voting rights of the company; or

(ii) he holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any six (6) month period.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.11 Obligations to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code ("Rule 14").

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(ii) a company, its parent, its subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies as well as any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned entities for the purchase of voting rights, all with each other.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Under Appendix 2 of the Take-Over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties:

(i) increase to thirty per cent. (30%) or more; or

(ii) if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than one per cent. (1%) in any period of six (6) months.

A Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company increase to thirty per cent. (30%) or more, or if the voting rights of such Shareholder fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The interests of the Directors and Substantial Shareholders as at the Latest Practicable Date are disclosed in **paragraph 3** below. Save as set out in **paragraph 2.12** below, as at the Latest Practicable Date, assuming that the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares:

(i) none of the Directors (together with persons acting in concert with them, if any) will be obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate; and

(ii) none of the Directors are aware of any Substantial Shareholders who may become obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate.

This paragraph 2.11 does not purport to be a comprehensive or exhaustive description of all the implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their own professional advisers at the earliest opportunity.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.12 Concert Parties

As at the Latest Practicable Date, each of Lingco Marine Pte. Ltd. ("**LMPL**") and Lingco Holdings Pte Ltd ("**LHPL**") each hold 37,836,898 Shares and 12,144,060 Shares respectively (representing 20.29% and 6.51% of the issued share capital (excluding Treasury Shares) of the Company respectively), which, in aggregate, represents 26.81% of the existing issued share capital (excluding Treasury Shares) of the Company.

By virtue of Section 7 of the Companies Act, LMPL is deemed to have an interest in the shares of the Company held by LHPL. Mr Sia Ling Sing, the Non-Executive Chairman of the Company, has a 30.17% interest in LMPL. By virtue of Section 7 of the Companies Act, he is therefore deemed to have an interest in 37,836,898 Shares (representing 20.29% of the Shares (excluding Treasury Shares)) and 12,144,060 Shares (representing 6.51% of the Shares (excluding Treasury Shares)) held by LMPL and LHPL respectively. Therefore, he is deemed interested in 26.81% of the Shares (excluding Treasury Shares).

Mr Seah Kiin Peng, an Executive Director of the Company, holds 3,413,785 Shares representing 1.83% of the issued share capital (excluding Treasury Shares) of the Company. As Mr Seah Kiin Peng is the nephew of Mr Sia Ling Sing, Mr Sia Ling Sing and Mr Seah Kiin Peng are presumed to be acting in concert under the Take-over Code.

Assuming that:

(i) the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares and such purchased Shares are cancelled; and

(ii) the Lingco Concert Group (as defined below) does not either acquire or dispose of any of its Shares,

the aggregate shareholding percentage of Mr Sia Ling Sing, Mr Seah Kiin Peng, LMPL and LHPL (the "**Lingco Concert Group**") based on their shareholdings as at the Latest Practicable Date, will increase to 31.82%. Accordingly, the Lingco Concert Group may incur an obligation to make a general offer for the Shares as a consequence of the purchase of Shares by the Company.

In light of the foregoing, unless exempted, if the Lingco Concert Group does not reduce its shareholding percentage to a level such that the aggregate shareholding percentage of the Lingco Concert Group will not exceed 30%, based on the aggregate shareholding of the Lingco Concert Group as at the Latest Practicable Date, the maximum percentage of Shares that the Company can purchase in order that the Lingco Concert Group will not incur an obligation to make a general offer for the Shares is 4.54% if the purchased Shares are held in treasury or cancelled. Accordingly, the Company may be limited in the aggregate number of Shares it can purchase pursuant to the Share Purchase Mandate.

2.13 Share Purchases in the Previous Twelve (12) Months

In the last twelve (12) months immediately preceding the Latest Practicable Date, the Company had, purchased 268,800 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2016 AGM

The highest and lowest price paid was $0.710 and $0.515 per Share respectively. The total consideration paid for the purchases was $173,040.31.

Appendix I

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date, and assuming (i) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed interested in, and (ii) none of the outstanding Share Options are exercised and none of the Convertible Bonds are converted, as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares are set out below:

3.1 Interests in Shares

	Direct Interests		Deemed Interests		Total Interests		Number of Shares comprised in outstanding Share Options
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]	
Directors							
Lau Eng Tiong[4]	-	-	15,762,904	8.45	15,762,904	8.45	-
Lim Siak Meng	12,394,504	6.65	-	-	12,394,504	6.65	3,186,600
Sia Ling Sing[3]	-	-	49,980,958	26.81	49,980,958	26.81	-
Seah Kiin Peng	3,413,785	1.83	-	-	3,413,785	1.83	-
Foo Sey Liang[2]	-	-	42,145,518	22.60	42,145,518	22.60	-
Shareholders							
HG Metal Pte Ltd	42,145,518	22.60	-	-	42,145,518	22.60	-
HG Metal Investments Pte Ltd[2]	-	-	42,145,518	22.60	42,145,518	22.60	-
HG Metal Manufacturing Limited[2]	-	-	42,145,518	22.60	42,145,518	22.60	-
Flame Gold International Limited[2]	-	-	42,145,518	22.60	42,145,518	22.60	-
Foo Sey Liang[2]	-	-	42,145,518	22.60	42,145,518	22.60	-
LMPL[3]	37,836,898	20.29	12,144,060	6.51	49,980,958	26.81	-
LHPL	12,144,060	6.51	-	-	12,144,060	6.51	-
Sia Ling Sing[3]	-	-	49,980,958	26. 81	49,980,958	26.81	-
Sin Teck Guan (Pte) Ltd	15,762,904	8.45	-	-	15,762,904	8.45	-
Lau Eng Tiong[4]	-	-	15,762,904	8.45	15,762,904	8.45	-
Lau Eng Hoe[5]	-	-	15,762,904	8.45	15,762,904	8.45	-
Lau Eng Lin[6]	-	-	15,762,904	8.45	15,762,904	8.45	-
Lau Eng Seng[7]	-	-	15,762,904	8.45	15,762,904	8.45	-
Lim Siak Meng	12,394,504	6.65	-	-	12,394,504	6.65	3,186,600
Siem Seng Hing & Company (Pte) Limited	11,824,229	6.34	-	-	11,824,229	6.34	-

3.2 Interests in Convertible Bonds

	Direct Interest	Deemed Interest
Director		
Lau Eng Tiong[8]	–	S$1,000,000

Notes:

(1) Based on the total issued Shares (excluding Treasury Shares), comprising 186,449,889 Shares as at the Latest Practicable Date.

(2) HG Metal Manufacturing Limited has a 100.00% interest in HG Metal Investments Pte. Ltd. which in turn has an interest of 100.00% in HG Metal Pte. Ltd. which in turn has a 22.60% interest in the shares of the Company. Mr Foo Sey Liang has a 100.00% interest in Flame Gold International Limited and is deemed to have an interest in the shares of the Company held by HG Metal Pte. Ltd. pursuant to Section 7 of the Companies Act.

Appendix I

(3) By virtue of Section 7 of the Companies Act, LMPL is deemed to have an interest in the shares of the Company held by LHPL. Mr Sia Ling Sing has a 30.17% interest in LMPL and is deemed to have an interest in the Shares held by LMPL and LHPL pursuant to Section 7 of the Companies Act.

(4) Mr Lau Eng Tiong has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(5) Mr Lau Eng Hoe has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(6) Mr Lau Eng Lin has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(7) Mr Lau Eng Seng has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(8) Mr Lau Eng Tiong is deemed to have an interest in the convertible bonds of the Company held by Gnoh Hock Realty Private Ltd via his and his immediate family's shareholdings in Gnoh Hock Reality Private Ltd pursuant to Section 7 of the Act.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. The Directors recommend that Shareholders vote in favour of Ordinary Resolution 9 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM on pages 99 to 102 of the Annual Report.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 99 to 102 of the Annual Report, will be held on Monday, 23 January 2017 at 9.00 a.m. at 5, Sixth Lok Yang Road, Singapore 628103.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the proxy form in the Annual Report ("**Proxy Form**") in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's Share Registrar office by 9.00 a.m. on 21 January 2017, not later than forty-eight (48) hours before the time set for the AGM. The completion and lodgement of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. In such event, the relevant Proxy Forms will be deemed to be revoked.

A Shareholder having a share capital who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder (which number and class of Shares shall be specified).

6.2 When Depositor Regarded as Shareholder

A Depositor (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore ("**Securities and Futures Act**")) shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act) at least seventy-two (72) hours before the AGM.

Appendix I

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix I and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix I constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix I misleading.

Where information in this Appendix I has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix I in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530 during normal business hours from the date of this Appendix I up to (and including) the date of the AGM:

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for the financial year ended 30 September 2016.

Yours faithfully
For and on behalf of the
Board of Directors of
BRC ASIA LIMITED

Lim Siak Meng
Group Managing Director

30 December 2016

Statistics of Shareholding

As at 5 December 2016

No. of Shares : 187,961,689
Class of shares : Ordinary shares
Voting Rights : One vote for each ordinary share
Treasury shares : 1,511,800
Percentage of such holding against total number of issued ordinary share
(excluding treasury shares) : 0.81%

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares (excluding treasury shares)	%
1 - 99	33	1.07	1,238	0.00
100 - 1,000	1,764	57.10	726,154	0.39
1,001 - 10,000	813	26.32	4,024,818	2.16
10,001 - 1,000,000	464	15.02	24,823,262	13.31
1,000,001 - and above	15	0.49	156,874,417	84.14
Total	**3,089**	**100.00**	**186,449,889**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No	Name of Shareholder	No. of Shares	% of Shares [1]
1	UNITED OVERSEAS BANK NOMINEES PTE LTD	51,001,811	27.35
2	LINGCO MARINE PTE LTD	37,836,898	20.29
3	SIN TECK GUAN (PTE) LTD	15,762,904	8.45
4	CITIBANK NOMINEES SINGAPORE PTE LTD	13,318,283	7.14
5	LIM SIAK MENG	12,394,504	6.65
6	LINGCO HOLDINGS PTE LTD	12,144,060	6.51
7	SEAH KIIN PENG (XIE JINGPING)	3,413,785	1.83
8	SEAH BOON HWA	2,280,681	1.22
9	SHANWOOD DEVELOPMENT PTE LTD	1,889,000	1.01
10	SOUTHERN AIRCONDITIONING ENGINEERING PTE LTD	1,274,800	0.68
11	LAU WEE MIN (LIU WEIMIN)	1,221,000	0.65
12	OCBC SECURITIES PRIVATE LTD	1,190,192	0.64
13	LEE CHUN FUN	1,095,858	0.59
14	DBS NOMINEES PTE LTD	1,034,674	0.55
15	NG MENG SEAH	1,015,967	0.54
16	CHUA KIAN LIN	873,340	0.47
17	ONG LIAN TECK (WANG LIANDE)	868,915	0.47
18	TAN LAU MING	839,346	0.45
19	HONG LEONG FINANCE NOMINEES PTE LTD	805,280	0.43
20	LIM CHIN LOON	772,300	0.41
	Total	**161,033,598**	**86.33**

Note:
[1] Percentage is calculated based on the total number of issued shares excluding treasury shares of the Company.

Statistics of Shareholding

As at 5 December 2016

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the substantial shareholders in the issued share capital of the company as recorded in the register of substantial shareholders as at the latest practicable date are set out below.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Substantial Shareholders						
HG Metal Pte Ltd	42,145,518	22.60	–	–	42,145,518	22.60
HG Metal Investments Pte Ltd[2]	–	–	42,145,518	22.60	42,145,518	22.60
HG Metal Manufacturing Limited[2]	–	–	42,145,518	22.60	42,145,518	22.60
Flame Gold International Limited[2]	–	–	42,145,518	22.60	42,145,518	22.60
Foo Sey Liang[2]	–	–	42,145,518	22.60	42,145,518	22.60
Lingco Marine Pte. Ltd.[3]	37,836,898	20.29	12,144,060	6.51	49,980,958	26.81
Lingco Holdings Pte Ltd	12,144,060	6.51	–	–	12,144,060	6.51
Sia Ling Sing[3]	–	–	49,980,958	26.81	49,980,958	26.81
Sin Teck Guan (Pte) Ltd	15,762,904	8.45	–	–	15,762,904	8.45
Lau Eng Tiong[4]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Hoe[5]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Lin[6]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Seng[7]	–	–	15,762,904	8.45	15,762,904	8.45
Lim Siak Meng	12,394,504	6.65	–	–	12,394,504	6.65
Siem Seng Hing & Company (Pte) Limited	11,824,229	6.34	–	–	11,824,229	6.34

Notes:

(1) Calculated as a percentage of the total number of issued Shares (excluding treasury shares), comprising 186,449,889 Shares as at the Latest Practicable Date.

(2) HG Metal Manufacturing Limited has a 100.00% interest in HG Metal Investments Pte. Ltd. which in turn has an interest of 100.00% in HG Metal Pte. Ltd. which in turn has a 22.60% interest in the shares of the Company. Mr Foo Sey Liang has a 100.00% interest in Flame Gold International Limited and is deemed to have an interest in the shares of the Company held by HG Metal Pte. Ltd. pursuant to Section 7 of the Companies Act.

(3) By virtue of section 7 of the Companies Act, Lingco Marine Pte. Ltd. is deemed to have an interest in the Shares held by Lingco Holdings Pte Ltd. Mr Sia Ling Sing has a 30.17% interest in Lingco Marine Pte. Ltd. and is deemed to have an interest in the Shares held by Lingco Marine Pte. Ltd. and Lingco Holdings Pte Ltd pursuant to section 7 of the Companies Act.

(4) Mr Lau Eng Tiong has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(5) Mr Lau Eng Hoe has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(6) Mr Lau Eng Lin has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(7) Mr Lau Eng Seng has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

PUBLIC SHAREHOLDING

Based on information available to the Company, approximately 26.66% of the Company's shares are held in the hands of the public and, therefore, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

BRC ASIA LIMITED
(Company Registration No. 193800054G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BRC Asia Limited (the "**Company**") will be held at 5 Sixth Lok Yang Road, Singapore 628103 on Monday, 23 January 2017 at 9.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2016 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 2.4 Singapore cents per ordinary share for the financial year ended 30 September 2016. **(Resolution 2)**

3. To approve the Directors' fees of S$307,500 for the financial year ended 30 September 2016. (2015: S$307,500) **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 99 of the Company's Constitution:

   (i) Mr. Sia Ling Sing **(Resolution 4)**
   (ii) Mr. Lau Eng Tiong **(Resolution 5)**
   (iii) Mr. Tan Lee Meng **(Resolution 6)**

   Mr Sia Ling Sing, who is the Non-Executive Chairman, if re-elected as Director of the Company, will be considered as Non-Independent Director.

   Mr Lau Eng Tiong, who is a Non-Executive Director, if re-elected as Director of the Company, will remain as a member of the Audit, Nominating and Remuneration Committees.

   Mr. Tan Lee Meng, if re-elected as Director of the Company, will remain as Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-appoint Ernst & Young LLP, Certified Public Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions with or without modifications:

6. AUTHORITY TO ISSUE SHARES

   "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the listing rules ("**Listing Rules**") of the listing manual ("**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of bonus, rights or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, options, debentures or other instruments convertible into Shares,

   (b) (notwithstanding the authority conferred by this resolution ("**Resolution**") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not be more than 50% of the total number of Shares (excluding treasury shares), in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders shall not be more than twenty per cent (20%) of the total number of Shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of Shares (excluding treasury shares) shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options or vesting of share awards which are outstanding or subsisting at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." **(See Explanatory Note 1)** **(Resolution 8)**

7. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR SHARE PURCHASE

"That:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**") transacted through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) otherwise than on the SGX-ST, in accordance with an equal access scheme ("**Off-Market Purchases**") as may be determined or formulated by the Directors as they consider fit in the interests of the Company, which scheme(s) shall satisfy the conditions, which are consistent with the Share Purchase Mandate (as hereinafter defined), the Listing Rules and the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless otherwise varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest date on which:

(i) the next annual general meeting of the Company is held or required by law to be held;

(ii) share purchases have been carried out to the full extent mandated; or

(iii) the authority contained in the Share Purchase Mandate is varied or revoked;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five (5) consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after the relevant five (5) days period;

Notice of Annual General Meeting

"**Date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of Shares representing ten per cent (10%) of the issued ordinary share capital as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent (110%) of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition; and

(d) the Directors and/or any of the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution."
(See Explanatory Note 2) **(Resolution 9)**

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 24 January 2017 at 5.00 p.m. to determine shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 24 January 2017 will be registered to determine shareholders' entitlements to the proposed dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on 7 February 2017.

BY ORDER OF THE BOARD

LEE CHUN FUN (MS)
LOW MEI WAN (MS)
Company Secretaries

30 December 2016

Notice of Annual General Meeting

Explanatory Notes:

1. Resolution 8, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8 in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 9 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 8, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 9, if passed, will authorise the Directors to make purchases of otherwise acquire Shares from time to time subject to and in accordance with the guidelines set out in Appendix I, the Listing Manual and such other laws as may for the time being be applicable. This authority will continue in force until the next annual general meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his stead. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.

2. A proxy need not be a member of the Company.

3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or under the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company at 80 Robinson Road, #11-02 Singapore 068898, not less than 48 hours before the time appointed for the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BRC ASIA LIMITED

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

Proxy Form for Annual General Meeting

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy BRC Asia Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 December 2016.

*I/We, ______________________________ NRIC/Passport No. ______________

of ______________________________

being a *member/members of BRC ASIA LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company, to be held at 5 Sixth Lok Yang Road, Singapore 628103 on Monday, 23 January 2017 at 9.00 a.m. and at any adjournment thereof.

The Chairman intends to cast undirected proxy votes in favour of each of the proposed resolutions. Where the Chairman is appointed as *my/our proxy/proxies, *I/we acknowledge that the Chairman may exercise *my/our proxy/proxies even if he has an interest in the outcome of the resolution.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2016 and Auditors' Report thereon.		
2.	To declare a final tax-exempt (one-tier) dividend of 2.4 Singapore cents per ordinary share for the financial year ended 30 September 2016.		
3.	To approve the Directors' fees of S$307,500 for the financial year ended 30 September 2016 (2015: S$307,500).		
4.	To re-elect Mr. Sia Ling Sing (Article 99).		
5.	To re-elect Mr. Lau Eng Tiong (Article 99).		
6.	To re-elect Mr. Tan Lee Meng (Article 99).		
7.	To re-appoint Ernst & Young LLP, Certified Public Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to issue shares.		
9.	To approve the renewal of the General Mandate for Share Purchase.		

(Please indicate with a tick (√) within the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ______________ day of __________, __________

Total No. of Shares in	No. of Shares Held
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

*Delete as appropriate

IMPORTANT: Please read notes overleaf before completing this Proxy Form.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instruction appointing a proxy or proxies shall be deemed to relate to all Shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting of the Company. A member appointing more than one proxy shall specify the percentage of Shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act, Cap. 50.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which, the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Act, Cap. 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. Please refer to the notes set out in the Notice of Annual General Meeting dated 30 December 2016.

AFFIX
STAMP

BRC Asia Limited
c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02, Singapore 068898

Corporate Information

BOARD OF DIRECTORS

Sia Ling Sing (Non-Executive Chairman)
Lim Siak Meng (Group Managing Director)
Seah Kiin Peng (Executive Director)
Ooi Seng Soon (Lead Independent Director)
Tan Lee Meng (Independent Director)
Lau Eng Tiong (Non-Executive Director)
Foo Sey Liang (Non-Executive Director)

KEY EXECUTIVE OFFICERS

Lim Siak Meng (Group Managing Director)
Seah Kiin Peng (Executive Director)
Kainz Juergen (Plant Manager)
Lau Wee Min (Corporate Communications Manager)
Lee Chun Fun (Group Financial Controller)
Lim Jun Da (Manager, Corporate and Marketing Services)
Liu Kwai Wah (Senior Manager, IT)
Nge Kwan Min (CEO, BRC Prefab Holdings Sdn Bhd)
Ong Lian Teck (Group Business Development Manager)
Tan Lau Ming (Works Manager)

REGISTERED OFFICE

350 Jalan Boon Lay
Jurong Industrial Estate
Singapore 619530
Tel: 6265 2333
Fax: 6264 3063
Website: www.brc.com.sg

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Tan Peck Yen
(since financial year ended 30 September 2013)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARIES

Lee Chun Fun
Low Mei Wan

SOLICITORS

Harry Elias Partnership LLP
Drew & Napier LLC

PRINCIPAL BANKERS

ANZ Banking Group Limited
CIMB Bank Berhad
DBS Bank Limited
HSBC Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

For those who aspire to build

Better • Faster • Cheaper