



BRC Asia Limited

Unaudited First Quarter Financial Statement and Related Announcement for the Quarter Ended 31 December 2017

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

Consolidated Statement of Comprehensive Income for the first quarter ended 31 December 2017

	1 st Qtr 2018 \$'000	1 st Qtr 2017 \$'000	+ / (-) %
Revenue	100,895	80,019	26
Cost of sales	<u>(93,344)</u>	<u>(74,757)</u>	25
Gross profit	7,551	5,262	44
Other income [note (a)]	526	1,750	(70)
Expenses			
Distribution expenses	(1,162)	(1,029)	13
Administrative expenses	(1,807)	(2,058)	(12)
Finance costs	(664)	(427)	56
Other operating expenses	(1,334)	(1,123)	19
Share of results of associate	(69)	-	n.m.
Share of results of joint venture	<u>194</u>	<u>73</u>	n.m.
Profit before tax [note (b)]	3,235	2,448	32
Income tax expense	<u>(402)</u>	<u>(566)</u>	(29)
Profit net of tax	<u>2,833</u>	<u>1,882</u>	51
Other comprehensive income:			
Net exchange loss on net investment in foreign operations	(66)	(280)	(76)
Foreign currency translation of foreign operations	<u>243</u>	<u>(24)</u>	n.m.
Other comprehensive income for the financial period, net of tax	<u>177</u>	<u>(304)</u>	n.m.
Total comprehensive income for the financial period	<u><u>3,010</u></u>	<u><u>1,578</u></u>	91
Profit net of tax attributable to:			
Owners of the company	2,587	1,899	36
Non-controlling interests	<u>246</u>	<u>(17)</u>	n.m.
	<u>2,833</u>	<u>1,882</u>	51
Total comprehensive income attributable to:			
Owners of the company	2,752	1,596	72
Non-controlling interests	<u>258</u>	<u>(18)</u>	n.m.
	<u>3,010</u>	<u>1,578</u>	91

n.m. denotes not meaningful.

	The Group		
	1st Qtr	1st Qtr	
	2018	2017	+ / (-)
	\$'000	\$'000	%
Note (a) - Other income			
Sundry income	1	2	(50)
Interest income	45	29	55
Government grant	30	34	(12)
Gain on disposal of property, plant and equipment	-	1	n.m.
Foreign exchange gain, net [1]	450	1,684	(73)
Total	526	1,750	(70)

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

Interest expense on borrowings	664	427	56
Depreciation of property, plant and equipment	2,162	2,481	(13)
Rental expense on operating leases	1,269	1,451	(13)
Allowance for impairment of receivables, net	-	9	n.m.
(Reversal of provision) / provision for onerous contracts [3]	(2,721)	4,442	n.m.
Loss from fair value changes on currency forward contracts [2]	648	368	76
Reversal of allowance for inventory obsolescence	(120)	(855)	(86)

n.m. denotes not meaningful.

Comments on Group Profit and Loss

[1] The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollar, Malaysian Ringgit and Euro.

[2] Currency forward contracts are mostly used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in US Dollar. As the Group did not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in the statement of comprehensive income.

[3] Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are released when the contractual obligations are met or when the costs to meet the obligations no longer exceed the sales value.

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

	<u>The Group</u>		<u>The Company</u>	
	December 2017 \$'000	September 2017 \$'000	December 2017 \$'000	September 2017 \$'000
Non-current assets				
Property, plant and equipment	91,595	89,136	64,591	65,942
Investment in subsidiaries	-	-	27,245	26,371
Interest in joint venture	11,930	11,650	6,076	6,076
Interest in associate	8,858	6,714	11,021	8,807
Available-for-sale financial assets	1,614	1,614	1,614	1,614
Loan to investee company	1,500	1,500	1,500	1,500
	115,497	110,614	112,047	110,310
Current assets				
Inventories	120,823	111,433	113,189	103,376
Trade and other receivables	85,723	75,516	71,897	65,637
Amount due from subsidiaries	-	-	23,275	19,850
Prepayments	1,093	1,022	272	259
Deposits	264	255	230	235
Cash and cash equivalents	41,376	23,989	32,810	19,673
	249,279	212,215	241,673	209,030
Total assets	364,776	322,829	353,720	319,340
Current liabilities				
Trade and other payables	57,003	69,049	45,320	60,961
Amount due to a subsidiary	-	-	68	70
Advances received	617	443	159	161
Loans and borrowings	105,132	52,376	103,166	52,376
Provisions	8,120	11,667	7,949	11,438
Derivative financial instruments	847	344	847	344
Current income tax liabilities	3,227	2,808	3,227	2,808
	174,946	136,687	160,736	128,158
Non-current liabilities				
Provisions	246	408	246	408
Loans and borrowings	7,272	10,772	7,272	10,772
Deferred tax liabilities	6,785	6,785	6,785	6,785
	14,303	17,965	14,303	17,965
Total liabilities	189,249	154,652	175,039	146,123
Net assets	175,527	168,177	178,681	173,217
Equity attributable to owners of the Company				
Share capital	71,511	68,011	71,511	68,011
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(46)	(46)	(46)	(46)
Share option reserve	-	885	-	885
Foreign currency translation reserve	(3,150)	(3,315)	-	-
Retained earnings	106,200	102,728	107,724	104,875
Equity attributable to owners of the Company	174,007	167,755	178,681	173,217
Non-controlling interests	1,520	422	-	-
Total equity	175,527	168,177	178,681	173,217
Total equity and liabilities	364,776	322,829	353,720	319,340

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

Amount repayable in one year or less, or on demand

	December 2017		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	-	104,383	-	51,012
Finance lease liabilities	749	-	1,364	-
	749	104,383	1,364	51,012

Amount repayable after one year

	December 2017		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	772	-	772	-
Convertible bonds	-	6,500	-	10,000
	772	6,500	772	10,000

Details of any collateral

Finance lease liabilities of S\$1.5 million (2017: S\$2.1 million) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases is S\$8.1 million (2017: S\$8.3 million) at the balance sheet date.

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

	1 st Qtr 2018 \$'000	1 st Qtr 2017 \$'000
Operating activities		
Profit before tax	3,235	2,448
Adjustments for :		
Reversal of allowance for inventory obsolescence	(120)	(855)
Depreciation of property, plant and equipment	2,162	2,481
Gain on disposal of property, plant and equipment	-	(1)
Allowance for impairment of trade receivables, net	-	9
(Reversal of provision) / provision for onerous contracts	(2,721)	4,442
Provision for retirement benefits	-	(16)
Interest expense	664	427
Interest income	(45)	(29)
Fair value changes on derivatives	503	368
Share of results of joint venture	(194)	(73)
Share of results of associates	69	-
Unrealised exchange differences	124	(512)
Operating cash flow before working capital change	3,677	8,689
Changes in working capital		
Trade and other receivables	(10,207)	5,799
Inventories	(9,270)	26,846
Prepayments and deposits	(80)	364
Trade and other payables	(12,698)	(22,064)
Cash flows (used in)/ generated from operations	(28,578)	19,634
Income tax refund /(paid)	17	(2)
Retirement benefits paid	(162)	-
Net cash flows (used in)/ generated from operating activities	(28,723)	19,632
Investing activities		
Purchases of property, plant and equipment	(4,621)	(3,892)
Loan to an associate	(2,214)	-
Capital contribution from non-controlling interest of a subsidiary	840	-
Interest received	45	29
Net cash flows used in investing activities	(5,950)	(3,863)
Financing activities		
Repayment of finance lease	(615)	(635)
Purchase of treasury shares	-	(61)
Proceeds from bills payable, net	53,371	(14,026)
Interest paid	(664)	(427)
Net cash flows used in financing activities	52,092	(15,149)
Net increase in cash and cash equivalents	17,419	620
Cash and cash equivalents at beginning of financial period	23,989	11,938
Effects of exchange rate changes on cash and cash equivalents	(32)	26
Cash and cash equivalents at end of financial period	41,376	12,584

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

Statement of changes in Equity – Group

	Attributable to Owners of Parent						Non-	Equity,		
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Fair value reserve</u>	<u>Share option reserve</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	controlling interests	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	(2,692)	105,833	171,607	5	171,612
Effect of adjustment on reclassification of available-for-sale financial assets to associate	-	-	-	-	-	-	(840)	(840)	-	(840)
Profit, net of tax	-	-	-	-	-	-	1,899	1,899	(17)	1,882
Other comprehensive income for the financial year	-	-	-	-	-	(303)	-	(303)	(1)	(304)
Total comprehensive income for the financial year	-	-	-	-	-	(303)	1,899	1,596	(18)	1,578
Purchase of treasury shares	-	(61)	-	-	-	-	-	(61)	-	(61)
Total contributions by and distribution to owners	-	(61)	-	-	-	-	-	(61)	-	(61)
Balance at 31 December 2016	68,011	(1,105)	597	(72)	974	(2,995)	106,892	172,302	(13)	172,289
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	(3,315)	102,728	167,755	422	168,177
Profit, net of tax	-	-	-	-	-	-	2,587	2,587	246	2,833
Other comprehensive income for the financial year	-	-	-	-	-	165	-	165	12	177
Total comprehensive income for the financial year	-	-	-	-	-	165	2,587	2,752	258	3,010
Exercise of convertible bonds	3,500	-	-	-	-	-	-	3,500	-	3,500
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	840	840
Total contributions by and distribution to owners	3,500	-	-	-	-	-	-	3,500	840	4,340
Employee share options cancelled	-	-	-	-	(885)	-	885	-	-	-
Balance at 31 December 2017	71,511	(1,105)	597	(46)	-	(3,150)	106,200	174,007	1,520	175,527

Statement of changes in Equity-Company

	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Capital reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share option reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	108,356	176,822
Profit, net of tax	-	-	-	-	-	2,763	2,763
Total comprehensive income for the financial year	-	-	-	-	-	2,763	2,763
Purchase of treasury shares	-	(61)	-	-	-	-	(61)
Total contributions by and distribution to owners	-	(61)	-	-	-	-	(61)
Balance at 31 December 2016	68,011	(1,105)	597	(72)	974	111,119	179,524
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Profit, net of tax	-	-	-	-	-	1,964	1,964
Total comprehensive income for the financial year	-	-	-	-	-	1,964	1,964
Exercise of convertible bonds	3,500	-	-	-	-	-	3,500
Total contributions by and distribution to owners	3,500	-	-	-	-	-	3,500
Employee share options cancelled	-	-	-	-	(885)	885	-
Balance at 31 December 2017	71,511	(1,105)	597	(46)	-	107,724	178,681

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

Number of issued shares (excluding treasury shares)

	2017	2016
As at 1 October	186,335,089	186,449,989
Issuance of shares	3,500,000	-
Purchase of treasury shares	-	(114,900)
As at 31 December	<u>189,835,089</u>	<u>186,335,089</u>

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

Number of treasury shares

	2017	2016
As at 31 December	<u>1,626,600</u>	<u>1,626,600</u>
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.86%	0.87%

Number of share options

	2017	2016
As at 1 October	5,050,600	5,546,600
Surrendered for cancellation	(5,050,600)	-
As at 31 December	<u>-</u>	<u>5,546,600</u>

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

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

Pursuant to Rule 19 of the Code, the Offeror made a proposal (“Options Proposal”) to the holders of the share options to pay to them a cash amount in consideration of them agreeing not to exercise any options into new shares and not to exercise any of their rights as option holders. All outstanding options to subscribe for an aggregate 5,050,600 shares have been surrendered for cancellation as the holders of all outstanding options have accepted the Options Proposal.

<u>Convertible Bonds</u>	2017	2016
As at 1 October	10,000,000	10,000,000
Converted to ordinary shares	(3,500,000)	-
As at 31 December	<u>6,500,000</u>	<u>10,000,000</u>
Percentage of number of convertible bonds against the total number of issued shares excluding treasury shares	3.42%	5.37%

The Company issued S\$10,000,000 redeemable convertible bonds on 16 May 2014 which was due five years from the issue date of the bonds. The total net proceeds of S\$10,000,000 had been used to pay off part of the Company’s existing 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 (2016 : \$1.00) of Bonds held.

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.

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

	31 December 2017	30 September 2017
Total number of issued shares	<u>189,835,089</u>	<u>186,335,089</u>

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

<u>Number of treasury shares</u>	
As at 1 October 2017	1,626,600
Purchases	-
As at 31 December 2017	<u>1,626,600</u>

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recent audited annual financial statements for the financial year ended 30 September 2017.

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

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

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

The Group

Earnings per ordinary share (cents)	1st Qtr 2018	1st Qtr 2017
- Basic	1.39	1.02
- Diluted basis	1.39	1.02

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

Weighted average number of shares for basic earnings per share computation as of 31 December 2017 and 31 December 2016 were 186,373,445 and 186,641,963 shares respectively excluding treasury shares.

Weighted average number of shares for diluted earnings per share computation as of 31 December 2017 and 31 December 2016 were 186,373,445 and 186,641,963 shares respectively excluding treasury shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

Net asset value per ordinary share (cents)

	December 2017	September 2017
The Group	91.66	90.03
The Company	94.12	92.96

Net asset value per ordinary share was calculated based on 189,835,089 shares as at 31 December 2017 and 186,335,089 shares as at 30 September 2017.

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

GROUP INCOME STATEMENT

Revenue

Revenue for the current financial quarter (1Q18) increased by 26% to S\$100.9 million as compared to the corresponding period in the previous financial year (1Q17) due to higher unit selling prices.

Gross profit and gross profit margin

Gross profits increased by 44% to S\$7.6 million in 1Q18 from S\$5.3 million in 1Q17 while gross profit margin as a percentage of sales in 1Q18 was 7.5% as compared to 6.6% in 1Q17.

Distribution cost and administrative expenses

The increase in distribution expenses was mainly due to increase in personnel-related cost in the Malaysia subsidiary.

The decrease in administrative expenses was mainly a result of changes in key management.

Finance costs

The increase in finance costs in 1Q18 as compared to 1Q17 was because of higher average level of bank borrowings to finance the steel purchases as well as higher interest rates charged by banks.

Other operating expenses

The increase in other operating expenses in 1Q18 as compared to 1Q17 was mainly due to mark-to-market loss arising from foreign currency forward contracts of S\$0.5 million in 1Q18 as compared to S\$0.4 million in 1Q17.

Share of results of joint venture

The Group's share of results from the investment in the joint venture in China ("JV") has improved by 166% to S\$0.2 million in 1Q18 from S\$0.1 million in 1Q17.

Share of results of associate

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

GROUP BALANCE SHEET & CASH FLOW

As at 31 December 2017, the Group's balance sheet remained strong with net assets of S\$175.5 million and net asset value per ordinary share of 91.66 Singapore cents.

The Group's property, plant and equipment increased by S\$2.4 million to S\$91.6 million mainly due to purchase of formwork during the quarter.

The increase in the interest in associate was related to shareholder loan extended to PII.

The Group's inventories increased by S\$9.4 million to S\$120.8 million as a result of higher unit steel costs.

The increase in Group's trade and other receivables by S\$10.2 million to S\$85.7 million was attributable to higher sales revenue in 1Q18 as compared to the previous quarter.

The Group's trade and other payables were lower by S\$12.0 million due to fewer unpaid shipments in transit for imported raw materials.

The Group's loans and borrowings were higher by S\$49.3 million due to higher trade bills which were partially offset by repayment to finance lease creditors.

The decrease in provisions for onerous contracts was related to lower provisions for certain sales contracts for which the costs to meet the obligations are expected to exceed the economic benefits to be received under them.

Cash flows were generated mainly from bank proceeds of \$53.4 million in relation to trade bills for raw material imports. Net cash flows of S\$28.7 million and S\$6.0 million were used in operating and investing activities respectively. Cash flows used in investing activities were mainly for purchases of plant and equipment of S\$4.6 million and loan to associate of S\$2.2 million.

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

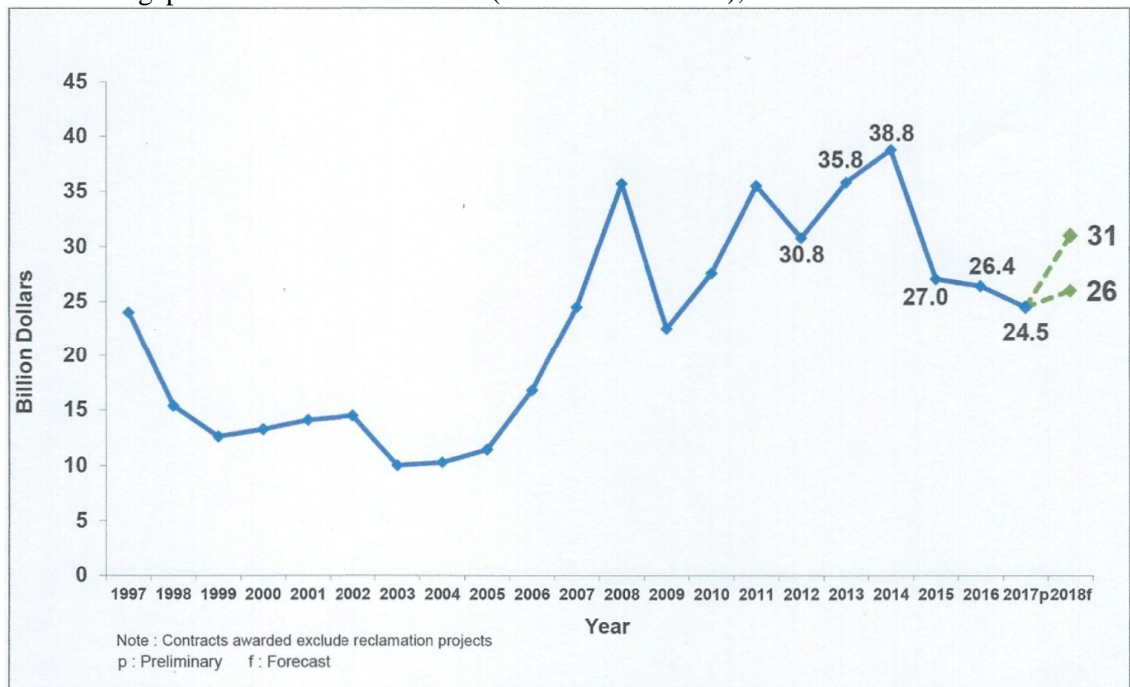
The Group's results for 1Q18 were in line with the commentary in paragraph 10 of the previous Results Announcement.

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

Singapore

For a second year in a row, total construction demand in Singapore underperformed the estimates given by the Building and Construction Authority (BCA). In 2017, Singapore construction demand came in at S\$24.5 billion, substantially lower than BCA’s forecast of S\$28 billion to S\$35 billion. The main reason, according to the BCA, was the rescheduling of a small number of very major public infrastructure projects to 2018 due to longer preparation times needed for them. A year before that, in 2016, while BCA had expected Singapore’s construction demand to reach between S\$27 billion to S\$34 billion, the actual figure was only S\$26.4 billion. The following chart traces Singapore’s construction demand since 1997. It clearly shows that the Singapore construction industry has been in a state of depressed demand in the last three years. From 2015 to 2017, Singapore’s construction demand averaged S\$26.0 billion per year, a far cry from the average construction demand of S\$35.1 billion a year from 2012 to 2014.

Chart – Singapore Construction Demand (Contracts Awarded), 1997-2018f



Source: Building and Construction Authority, Singapore

Be that as it may, BCA is forecasting that Singapore’s construction demand in 2018 will rebound to between S\$26 billion and S\$31 billion. BCA expects that while this rebound would be more broad-based, it will still be led by public sector construction demand, which is projected to strengthen from S\$15.5 billion in 2017 to between S\$16 billion to S\$19 billion in 2018, and contributing to about 60% of total demand. The following table breaks down this forecast demand by sector and compares it with the figures from the preceding three years.

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

Sector	2018 (forecast)	2017 (preliminary)	2016	2015
Industrial	3.3 – 4.6	4.3	3.3	5.4
Commercial	2.2 – 2.8	2.1	2.8	2.2
Private Residential	3.0 – 3.6	3.0	3.1	3.9
Public Residential	2.8 – 3.1	3.1	3.3	3.8
Civil Engineering	9.6 – 11.2	8.9	9.4	5.4
Institutional & Others	5.0 – 5.7	3.0	4.2	6.6
Total	26.0 – 31.0	24.5	26.1	27.3

Source: Building and Construction Authority, Singapore

The current optimism stems from a general strengthened economic outlook for Singapore and globally, and an upturn in local property market sentiment, as epitomised by the surge in en bloc deals in 2017. However, given the significant time lag between en bloc sales and the redevelopment of en bloc sites, the impact of the recent wave of collective sales on residential construction demand is likely to be more significantly felt towards the end of 2018. In fact, looking at the table above, aside from construction demand from the civil engineering and institutional sectors, all other sectors are expected to stay flat this year. Having said that, staying flat indicates that the downturn may be bottoming out, as it signifies the end of the general decline from year to year in the last few years.

Although general economic and property market sentiments have improved significantly, any improvements in construction demand will only translate to more work for the construction supply chain, which the reinforcing steel industry is an integral part of, in 12 to 18 months. Meanwhile, we will continue to fulfil the work that we have taken during this very difficult period, and we can expect profit margins, in particular, to remain rather challenging.

11. Dividend

(a) Current Financial Period Reported On

Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 December 2017.

13. Interested person transactions

The group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual Singapore Exchange Securities Trading Limited.

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

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 31 December 2017 to be false or misleading in any material aspects.

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

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

On behalf of the Board of Directors

Xu Jiguo
Executive Director
Singapore

Seah Kiin Peng
Executive Director

8 February 2018