

UNAUDITED RESULTS FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2020

1 - Information required for announcements of half-yearly and full year results

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2020

	Note	1st Half 2020 S\$'000	1st Half 2019 S\$'000	Change %	2Q2020 S\$'000	2Q2019 S\$'000	Change %
Revenue		458,563	469,070	(2)	231,756	231,097	n.m.
Cost of sales		(403,364)	(438,181)	(8)	(206,379)	(217,055)	(5)
Gross profit		55,199	30,889	79	25,377	14,042	81
Other income	A	1,257	1,015	24	276	317	(13)
Expenses							
Distribution expenses		(3,010)	(2,687)	12	(1,439)	(1,160)	24
Administrative expenses		(7,746)	(5,559)	39	(3,690)	(1,933)	91
Finance costs		(3,968)	(5,517)	(28)	(1,899)	(2,683)	(29)
Other operating expenses		(8,442)	(3,413)	147	(2,535)	(1,917)	32
Impairment loss on trade receivables		(3,669)	-	n.m.	(2,936)	-	n.m.
Share of results of joint venture		222	306	(27)	(32)	108	n.m.
Share of results of associates		(2,080)	(959)	117	(826)	(282)	193
Profit before tax	B	27,763	14,075	97	12,296	6,492	89
Income tax expense		(5,102)	(2,560)	99	(2,341)	(1,136)	106
Profit for the period		22,661	11,515	97	9,955	5,356	86
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Net exchange gain/(loss) on net investment in foreign operations		684	(40)	n.m.	726	119	510
Foreign currency translation: Exchange differences on translation of foreign operations		325	146	123	516	249	107
Other comprehensive income, net of tax		1,009	106	852	1,242	368	238
Total comprehensive income for the period		23,670	11,621	104	11,197	5,724	96

n.m. denotes not meaningful

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2020

Note A - Other income

	1st Half 2020 S\$'000	1st Half 2019 S\$'000	Change %	2Q2020 S\$'000	2Q2019 S\$'000	Change %
Interest income	118	110	7	76	57	33
Government grant	120	165	(27)	120	111	8
Rental income	85	87	(2)	42	42	-
Sundry income	70	65	8	8	50	(84)
Foreign exchange gain/(loss), net ¹	321	238	35	(513)	(278)	85
Fair value changes on derivatives, net ²	543	334	63	543	334	63
Bad debts recovered	-	16	n.m.	-	1	n.m.
	<u>1,257</u>	<u>1,015</u>	<u>24</u>	<u>276</u>	<u>317</u>	<u>(13)</u>

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

	1st Half 2020 S\$'000	1st Half 2019 S\$'000	Change %	2Q2020 S\$'000	2Q2019 S\$'000	Change %
Interest expense	3,968	5,517	(28)	1,899	2,683	(29)
Depreciation of property, plant and equipment	9,833	7,278	35	4,931	3,647	35
Depreciation of investment properties	35	35	-	18	17	6
Operating lease expense	1,151	5,947	(81)	448	2,950	(85)
Fair value changes on derivatives, net ²	(543)	(334)	63	(2,369)	(504)	370
Reversal of provision for onerous contracts ³	(6,442)	(7,686)	(16)	(103)	(2,220)	(95)
Allowance for inventory obsolescence	-	157	n.m.	-	157	n.m.
Impairment loss on trade receivables ⁴	3,669	-	n.m.	2,936	-	n.m.
Fair value changes on trade receivables ⁵	4,736	-	n.m.	1,980	-	n.m.
Loss on disposal of property, plant and equipment	-	50	n.m.	-	13	n.m.

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 (USD), Malaysian Ringgit (MYR) and Euro (EUR).

² Derivatives include currency forward contracts used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in USD. As the Group did not adopt hedge accounting under SFRS(I) 9, fair value changes on derivatives 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 reversed when the contractual obligations are met or no longer exist or when the costs to meet the obligations no longer exceed the sales value.

⁴ Expected credit losses estimated for trade receivables carried at amortised cost.

⁵ Trade receivables subject to provisional pricing carried at fair value through profit and loss.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31.3.2020 S\$'000	30.9.2019 S\$'000	31.3.2020 S\$'000	30.9.2019 S\$'000
Non-current assets				
Property, plant and equipment	159,090	134,110	61,986	52,793
Investment properties	2,367	2,402	-	-
Investment in subsidiaries	-	-	229,359	229,359
Interest in joint venture	7,717	7,220	6,076	6,076
Interest in associates	17,345	18,951	24,865	24,200
Investment securities	84	84	84	84
	186,603	162,767	322,370	312,512
Current assets				
Inventories	249,905	231,891	117,728	127,132
Trade and other receivables	174,652	195,315	108,450	120,572
Amount due from subsidiaries	-	-	8,244	6,226
Prepayments	6,652	7,902	6,410	7,397
Deposits	245	228	189	133
Derivatives	1,199	656	1,199	505
Asset held for sale	32,524	30,049	-	-
Cash and cash equivalents	28,895	65,778	21,443	24,656
	494,072	531,819	263,663	286,621
Total assets	680,675	694,586	586,033	599,133
Current liabilities				
Trade and other payables	66,756	67,164	59,032	57,611
Amount due to subsidiaries	-	-	2,297	965
Contract liabilities	2,674	4,023	114	534
Loans and borrowings	218,926	245,839	116,905	134,190
Loan from immediate holding company	20,000	23,100	20,000	23,100
Provisions	3,006	8,668	2,530	5,092
Derivatives	-	-	-	-
Current income tax liabilities	10,083	9,064	7,489	5,292
	321,445	357,858	208,367	226,784
Non-current liabilities				
Provisions	1,383	1,003	254	254
Loans and borrowings	77,897	60,658	61,711	60,113
Deferred tax liabilities	12,019	12,139	6,358	6,358
	91,299	73,800	68,323	66,725
Total liabilities	412,744	431,658	276,690	293,509
Net assets	267,931	262,928	309,343	305,624
Equity				
Share capital	125,001	125,001	125,001	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(76)	(76)	(76)	(76)
Foreign currency translation reserve	(1,666)	(2,675)	-	-
Retained earnings	145,180	141,186	184,926	181,207
Total equity	267,931	262,928	309,343	305,624
Total equity and liabilities	680,675	694,586	586,033	599,133

AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand	31 March 2020		30 September 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	1,358	4,345	1,393	-
Bills payable	-	207,481	-	238,704
Bank loans	5,742	-	5,742	-
Loan from immediate holding company	-	20,000	-	23,100
	7,100	231,826	7,135	261,804

Amount repayable after one year	31 March 2020		30 September 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	185	25,770	545	-
Bank loans	51,942	-	60,113	-
	52,127	25,770	60,658	-

Details of any collateral

Lease liabilities of S\$1.5 million (30 September 2019: S\$1.9 million) are secured by certain motor vehicles and plant and machinery. The carrying amount of motor vehicles and plant and machinery held under these leases were S\$2.1 million (30 September 2019: S\$2.2 million) and S\$0.8 million (30 September 2019: S\$0.8 million) respectively.

Bank loans of S\$57.7 million as at 31 March 2020 were secured by mortgages over certain leasehold properties and asset held for sale of the Group.

STATEMENT OF CASH FLOW

	1st Half 2020 S\$'000	1st Half 2019 S\$'000	2Q2020 S\$'000	2Q2019 S\$'000
Operating activities				
Profit before tax	27,763	14,075	12,296	6,492
Adjustments for:				
Share of results of joint venture	(222)	(306)	32	(108)
Share of results of associates	2,080	959	826	282
Depreciation of investment properties	35	35	18	17
Depreciation of property, plant and equipment	9,833	7,278	4,931	3,647
Allowance for inventory obsolescence	-	157	-	157
Impairment loss on trade receivables	3,669	-	2,936	-
Fair value changes on trade receivables	4,736	-	1,980	-
Fair value changes on derivatives, net	(543)	(334)	(2,369)	(504)
Loss on disposal of property, plant and equipment	-	50	-	13
Reversal of provision for onerous contracts	(6,442)	(7,686)	(103)	(2,220)
Unrealised exchange differences	(150)	41	(233)	242
Interest expense	3,968	5,517	1,899	2,683
Interest income	(118)	(110)	(76)	(57)
Operating cash flow before working capital changes	44,609	19,676	22,137	10,644
Changes in working capital				
Trade and other receivables	12,258	(3,919)	7,936	16,996
Inventories	(18,014)	18,002	(5,626)	71,166
Prepayments and deposits	1,233	(3,112)	(2,400)	2,411
Development costs for asset held for sale	(2,475)	(1,407)	(1,503)	(845)
Trade and other payables and contract liabilities	(1,991)	9,139	(15,220)	1,819
Cash flows generated from operations	35,620	38,379	5,324	102,191
Income taxes paid	(4,203)	(1,200)	(4,185)	(1,530)
Net cash flows generated from operating activities	31,417	37,179	1,139	100,661
Investing activities				
Purchase of property, plant and equipment	(850)	(1,435)	(173)	(510)
Proceeds from disposal of property, plant and equipment	24	127	24	-
Interest received	118	110	76	57
Long term loan to an associate company	-	(3,672)	-	(3,672)
Net cash flows used in investing activities	(708)	(4,870)	(73)	(4,125)
Financing activities				
Repayment of lease liabilities	(3,107)	(1,148)	(1,622)	(419)
(Repayment of)/proceeds from bills payable, net	(31,223)	(61,316)	16,405	(114,387)
Repayment of bank loans	(8,171)	-	(6,736)	-
(Repayment of)/proceeds from loan from immediate holding company	(3,100)	36,543	(3,100)	36,543
Dividends paid	(18,667)	(2,333)	(18,667)	(2,333)
Interest paid	(3,734)	(5,254)	(1,665)	(2,783)
Net cash flows used in financing activities	(68,002)	(33,508)	(15,385)	(83,379)
Net (decrease)/increase in cash and cash equivalents	(37,293)	(1,199)	(14,319)	13,157
Cash and cash equivalents at beginning of period	65,778	41,080	42,446	26,744
Effects of exchange rate changes on cash and cash equivalents	410	(55)	768	(75)
Cash and cash equivalents at end of financial period	28,895	39,826	28,895	39,826

STATEMENT OF CHANGES IN EQUITY – GROUP

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2018	125,001	(1,105)	(2,218)	115,358	237,036
Effect of the adoption of SFRS(I)	-	-	-	(3,401)	(3,401)
Balance at 1 October 2018 - SFRS(I) framework	125,001	(1,105)	(2,218)	111,957	233,635
Profit for the financial period	-	-	-	11,515	11,515
Other comprehensive income for the financial period	-	-	106	-	106
Total comprehensive income for the financial period	-	-	106	11,515	11,621
Cash dividends on ordinary shares	-	-	-	(2,333)	(2,333)
Total contributions by and distributions to owners	-	-	-	(2,333)	(2,333)
Balance as at 31 March 2019	125,001	(1,105)	(2,112)	121,139	242,923
Balance as 1 October 2019 - SFRS(I) framework	125,001	(1,105)	(2,154)	141,186	262,928
Profit for the financial period	-	-	-	22,661	22,661
Other comprehensive income for the financial period	-	-	1,009	-	1,009
Total comprehensive income for the financial period	-	-	1,009	22,661	23,670
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance as at 31 March 2020	125,001	(1,105)	(1,145)	145,180	267,931

STATEMENT OF CHANGES IN EQUITY – COMPANY

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2018	125,001	(1,105)	546	123,928	248,370
Effect of the adoption of SFRS(I)	-	-	-	(1,455)	(1,455)
Balance at 1 October 2018 - SFRS(I) framework	125,001	(1,105)	546	122,473	246,915
Profit for the financial period	-	-	-	24,578	24,578
Total comprehensive income for the financial period	-	-	-	24,578	24,578
Cash dividends on ordinary shares	-	-	-	(2,333)	(2,333)
Total contributions by and distributions to owners	-	-	-	(2,333)	(2,333)
Balance as at 31 March 2019	125,001	(1,105)	546	144,718	269,160
Balance as 1 October 2019 - SFRS(I) framework	125,001	(1,105)	521	181,207	305,624
Profit for the financial period	-	-	-	22,386	22,386
Total comprehensive income for the financial period	-	-	-	22,386	22,386
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance as at 31 March 2020	125,001	(1,105)	521	184,926	309,343

SHARE CAPITAL AND TREASURY SHARES

	Number of issued share capital (excluding treasury shares)	Treasury shares
As at 31 March 2020 and 30 September 2019	233,335,089	1,626,600

Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.70%.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the current financial period.

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 recently audited annual financial statements for the financial year ended 30 September 2019.

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.

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Upon adoption of SFRS(I) 16, the Group and the Company recognised an equal amount of right-of-use assets and leases liabilities of S\$32.8 million and S\$13.2 million respectively for its leases previously classified as operating leases (excluding low-value and short-term leases).

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

EARNINGS PER ORDINARY SHARE (CENTS)

The Group	1st Half 2020	1st Half 2019	2Q2020	2Q2019
- Basic	9.71	4.93	4.27	2.30
- Diluted	9.71	4.93	4.27	2.30
Weighted average number of shares for basic earnings per share	233,335,089	233,335,089	233,335,089	233,335,089
Weighted average number of shares for diluted earnings per share	233,335,089	233,335,089	233,335,089	233,335,089

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

NET ASSET VALUE PER ORDINARY SHARE (CENTS)

	31.3.2020	30.9.2019
The Group	114.83	112.68
The Company	132.57	130.98

Net asset value per ordinary share was calculated based on 233,335,089 shares as at 31 March 2020 and 30 September 2019.

- 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.

PERFORMANCE REVIEW OF THE GROUP

Statement of Comprehensive Income

Revenue

Revenue of S\$231.8 million in the current quarter ("2Q2020") was comparable to revenue of S\$231.1 million in the corresponding quarter of 2019 ("2Q2019"). Despite the higher sales volume, first half 2020 ("1H2020") revenue of S\$458.6 million was lower by 2% compared to S\$469.1 million in the first half of 2019 ("1H2019") due to lower average selling prices.

Gross profit margin and gross profit

Gross profit as a percentage of revenue were 10.9% and 12.0% in 2Q2020 and 1H2020 respectively, an increase from 6.1% in 2Q2019 and 6.6% in 1H2019. The improvement in gross profit margin was contributed by costs synergies from bulk raw material purchases. As a result, gross profit improved by 81% and 79% year-on-year to S\$25.4 million and S\$55.2 million for 2Q2020 and 1H2020 respectively.

Other income

Other income remained at S\$0.3 million in 2Q2020 and rose by S\$0.2 million to S\$1.3 million in 1H2020, compared to corresponding periods in the previous financial year. This increase was mainly due to S\$0.3 million in net foreign exchange gains and fair value changes on derivatives.

Distribution and administrative expenses

Distribution expenses for 2Q2020 and 1H2020 both increased by S\$0.3 million to S\$1.4 million and S\$3.0 million respectively, compared to corresponding periods in the previous financial year. Administrative expenses for 2Q2020 increased by S\$1.8 million year-on-year to S\$3.7 million, and by S\$2.2 million year-on-year to S\$7.7 million for 1H2020.

The higher distribution and administrative expenses in 2Q2020 and 1H2020 compared to the corresponding periods in the previous financial year were mainly due to an increase in personnel-related costs, trade credit insurance premiums as well as legal and professional fees.

Finance costs

Finance costs for 2Q2020 and 1H2020 were lower by approximately 29% to S\$1.9 million and S\$4.0 million compared to the corresponding periods in the last financial year. This decrease was partly due to the full repayment of the bank loan associated with the acquisition of Lee Metal Group in the previous financial year. The repaid bank loan bore higher interest rates than the existing bank loans.

Other operating expenses

Other operating expenses for 2Q2020 increased by S\$0.6 million year-on-year to S\$2.5 million, and by S\$5.0 million year-on-year to S\$8.4 million for 1H2020. This increase was mainly due to fair value changes of S\$2.0 million and S\$4.7 million on trade receivables which were subject to provisioning pricing in 2Q2020 and 1H2020 respectively. Net foreign exchange loss incurred in 2Q2020 was reclassified to other income because of 1H2020 net foreign exchange gain of S\$0.3 million.

Impairment loss on trade receivables

The Group recognised an allowance for expected credit losses ("ECLs") on trade receivables using a provisional matrix that is based on its historical credit loss experiences, adjusted for forward-looking information specific to the economic environment, such as the Gross Domestic Product growth rate.

The Group recognised an impairment loss of S\$2.9 million and S\$3.7 million for trade receivables carried at amortised cost in 2Q2020 and 1H2020 respectively.

Share of results of joint venture

The Group's share of results in 2Q2020 from its investment in the joint venture in China was a loss of S\$0.03 million as compared to a profit of S\$0.1 million in 2Q2019. Share of profits from joint venture for 1H2020 decreased by 27% to S\$0.2 million from S\$0.3 million in 1H2019. The fall in profits was mainly due to the impact of COVID-19 lockdowns in China.

Share of results of associates

Share of losses of associates for 2Q2020 and 1H2020, as compared to the corresponding periods in the previous financial year, increased by S\$0.5 million and S\$1.1 million to S\$0.8 million and S\$2.1 million respectively. The losses are attributable to the Group's 17% equity interest in Pristine Islands Investment Pte Ltd, an investment holding company with a 100% interest in a subsidiary that operates and manages an airport, hotel and resort in the Maldives. Operations for the hotel has commenced since September 2017 and the resort started its operations in late September 2019. The higher losses were partly attributed by the drop in hotel and resort occupancy rates in the Maldives due to widespread global travel restrictions associated with COVID-19.

Statement of Financial Position

As at 31 March 2020, the Group's balance sheet remained strong with net assets of S\$267.9 million and net asset value per ordinary share of 114.83 Singapore cents.

The Group's property, plant and equipment increased by S\$25.0 million; this was mainly due to the recognition of S\$32.8 million right-of-use assets on the balance sheet following the adoption of SFRS(I) 16 on 1 October 2019.

The Group's trade and other receivables decreased by S\$20.7 million; this was mainly due to lower sales in the current quarter as compared to the last quarter of the previous financial year, coupled with additional allowance for ECLs and fair value changes of S\$8.4 million for 1H2020.

The Group's prepayments decreased by S\$1.3 million, mainly due to decline in deposits paid for steel purchases from certain suppliers.

The Group's derivatives increased by S\$0.5 million, mainly due to an increase in marked-to-market gains of US Dollar currency forward contracts as at 31 March 2020.

The Group's contract liabilities decreased by S\$1.3 million, due to the recognition of revenue upon delivery of steel to the customers which had made payment in advance.

Loan from immediate holding company decreased by S\$3.1 million, due to partial loan repayment in 2Q2020.

The Group's provisions decreased by S\$5.3 million; this was mainly due to the reversal of provision for onerous contracts, partially offset by provision for restoration costs.

Statement of Cash Flow

Net cash flows generated from operating activities of S\$31.4 million in 1H2020, coupled with cash at banks and on hand of S\$65.8 million at the beginning of the financial year, were mainly used in repayment of bills payables, bank loans and lease liabilities, as well as dividend payments.

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 first half and second quarter ended 31 March 2020 are 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

On 3 April 2020, Singapore's Prime Minister Lee Hsien Loong announced that, in view of the rising number of COVID-19 infections despite the various measures that were tightened progressively, a one-month "circuit breaker" ("CB") would be applied, including the closing of most workplaces from 7 April 2020.

In a statement released on 18 April 2020, Singapore's Ministry of Manpower announced that, as "*The recent rise in the number of foreign workers infected with COVID-19 has been mostly concentrated in dormitories*" and "*contact tracing suggests that transmissions at common construction worksites may have contributed to the increase in numbers*", all work permit and S Pass holders (and their dependents) in the construction sector would be placed on mandatory stay-home notices from 20 April 2020 until 4 May 2020. This was subsequently extended to 18 May 2020 on 1 May 2020 as the number of infected construction work pass holders living in non-Purpose Built Dormitory premises continued to rise.

At the same time, the CB period had been extended by another four weeks, to 1 June 2020.

As a result, almost all construction worksites also had to stop work from 7 April 2020. Likewise, to comply with the above-mentioned measures, the Group's manufacturing facilities in Singapore suspended all non-exempted operations.

Given that the construction sector is reported to have contributed most to the rising number of COVID-19 infections in Singapore, it seems unlikely that this sector would be allowed to resume work before 1 June 2020, even as the Singapore government prepares to progressively ease CB measures from 5 May 2020.

Hence, we expect most of our manufacturing operations in Singapore to remain suspended until 1 June 2020. In financial terms, this would mean little or no sales revenue in Singapore for two months (April and May 2020) of the next quarter. Further, main contractors interviewed in the press have indicated that, while they would like to accelerate works after the CB is lifted, it is unlikely that they will be able to do so immediately after the end of the CB due to resource, especially labour, constraints and new conditions for working in the post-CB era. The Group also expects that some of its customers would be adversely impacted by the COVID-19 outbreak, which may result in higher credit risks going forward. Accordingly, as a result of a review of forecasted economic conditions impacting the estimates of expected credit loss in the Group's provision matrix model, the Group recorded an increase in allowance for expected credit losses as at 31 March 2020. As the Group's business is largely concentrated in Singapore, based on the current situation, we can expect that the above-mentioned will have an adverse impact on the Group financially for the third quarter of financial year 2020.

Nevertheless, the Group is in a good shape financially with net assets of S\$267.9 million as at 31 March 2020 after paying dividends of S\$18.7 million on 26 March 2020. The Group had also recorded net profits of S\$22.7 million for the first half of the financial year 2020. In addition, the Group is also working closely with the banks to improve its liquidity positions.

As at 31 March 2020, our sales order book stood at approximately S\$980.0 million. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

Others

In Malaysia, the Group's manufacturing operations in Senai, Johor had remained closed in conjunction with the Malaysia Government's movement control order ("MCO") from 18 March to 12 May 2020. However, together with most of our customers in Malaysia, we had obtained approval to restart earlier, and did so from 4 May 2020.

In China, the Group's 50-50 joint venture with Ma Steel was also shut from 21 January 2020 due to the lockdown associated with COVID-19 but had resumed full operations from 9 March 2020.

In view of the Group's sound financials and having posted a relatively robust set of results for its financial half year ended 31 March 2020, we are cautiously optimistic of our prospects in the next 12 months despite the continuing uncertainty and volatility within and beyond our industry due to the ongoing global Covid-19 pandemic.

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 for the quarter ended 31 March 2020.

The Group aims to pay out at least 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items, for FY2020. Please refer to the announcement on dividend policy on 13 May 2019.

13 - Interested person transactions

INTERESTED PERSON TRANSACTIONS

Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)

Name of interested person and nature of transaction	1st Half 2020 S\$'000	1st Half 2019 S\$'000
Esteel Enterprise Pte Ltd - Loan facility interest	507	692

The loan from the immediate holding company, Esteel Enterprise Pte Ltd, which bears a fixed interest rate of 4.5% per annum was taken up to partly fund the acquisition of Lee Metal Group. Because of a partial loan repayment in 2Q2020, the principal sum was reduced to S\$20.0 million from the S\$23.1 million as at end of the previous financial year. During the corresponding period in the previous financial year, there was an additional S\$36.5 million loan denominated in US Dollars that bore interest at fixed annual rate of 5.0%, and it was fully repaid in 3Q2019.

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

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

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the half year and second quarter ended 31 March 2020 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 the format set out in Appendix 7.7) under Rule 720(1)

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

On behalf of the Board of Directors

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
13 May 2020