



BRC Asia Limited

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

UNAUDITED RESULTS FOR THE NINE MONTHS AND THIRD QUARTER ENDED 30 JUNE 2019

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

1(a) Consolidated Statement of Comprehensive Income for the Nine Months and Third Quarter ended 30 June 2019

	Nine Months			3rd Quarter		
	2019	Nine Months	+ / (-)	2019	3rd Quarter	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	678,796	355,075	91%	209,726	145,951	44%
Cost of sales	(623,082)	(336,323)	85%	(184,901)	(141,418)	31%
Gross profit	55,714	18,752	197%	24,825	4,533	448%
Other income [note (a)]	1,085	1,397	(22%)	70	1,157	(94%)
Expenses						
- Distribution expenses	(4,225)	(3,730)	13%	(1,538)	(1,512)	2%
- Administrative expenses	(9,411)	(9,314)	1%	(3,852)	(5,161)	(25%)
- Finance costs	(7,729)	(2,840)	172%	(2,212)	(1,378)	61%
- Other operating expenses	(9,654)	(6,346)	52%	(6,241)	(3,934)	59%
Share of results of associates	(1,331)	(1,163)	14%	(372)	(326)	14%
Share of results of joint venture	585	439	33%	279	241	16%
Profit/(loss) before tax from continuing operations [note (b)]	25,034	(2,805)	n.m	10,959	(6,380)	n.m
Income tax expense	(4,384)	(1,040)	322%	(1,824)	(456)	300%
Profit/(loss) from continuing operations, net of tax	20,650	(3,845)	n.m	9,135	(6,836)	n.m
Loss from discontinued operation, net of tax	-	(662)	n.m	-	(1,778)	n.m
Profit/(loss), net of tax	20,650	(4,507)	n.m	9,135	(8,614)	n.m
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
- Net loss on fair value changes of available-for-sale financial assets	(28)	-	n.m	(28)	-	n.m
- Net exchange (loss)/gain on net investment in foreign operations	(234)	408	n.m	(194)	470	n.m
- Foreign currency translation of foreign operations	(244)	756	n.m	(390)	(33)	1082%
Other comprehensive (loss)/income for the financial period, net of tax	(506)	1,164	n.m	(612)	437	n.m
Total comprehensive income for the financial period	20,144	(3,343)	n.m	8,523	(8,177)	n.m
Profit/(loss), net of tax attributable to:						
Owners of the Company:						
- Profit/(loss) from continuing operations, net of tax	20,650	(3,843)	n.m	9,135	(6,835)	n.m
- Loss from discontinued operation, net of tax	-	(338)	n.m	-	(907)	n.m
	20,650	(4,181)	n.m	9,135	(7,742)	n.m
Non-controlling interests:						
- Loss from continuing operations, net of tax	-	(2)	n.m	-	(1)	n.m
- Loss from discontinued operation, net of tax	-	(324)	n.m	-	(871)	n.m
	-	(326)	n.m	-	(872)	n.m
	20,650	(4,507)	n.m	9,135	(8,614)	n.m
Total comprehensive income attributable to:						
Owners of the Company	20,144	(3,083)	n.m	8,523	(7,305)	n.m
Non-controlling interests	-	(260)	n.m	-	(872)	n.m
	20,144	(3,343)	n.m	8,523	(8,177)	n.m
Total comprehensive income attributable to Owners of the Company:						
- Profit from continuing operations, net of tax	20,144	(2,813)	n.m	8,523	(6,398)	n.m
- Profit from discontinued operation, net of tax	-	(270)	n.m	-	(907)	n.m
	20,144	(3,083)	n.m	8,523	(7,305)	n.m

n.m. denotes not meaningful

	Nine Months			3rd Quarter		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Note (a) - Other income						
Interest income	156	227	(31%)	46	116	(60%)
Dividend income	2	5	(60%)	2	5	(60%)
Government grant	169	120	41%	4	13	(69%)
Rental income	130	-	n.m	43	-	n.m
Sundry income	89	20	345%	24	14	71%
Sales commission	208	-	n.m	208	-	n.m
Gain on disposal of property, plant and equipment	-	69	n.m	-	53	n.m
Foreign exchange gain, net [1]	299	-	n.m	61	-	n.m
Gain/(loss) from fair value changes on currency forward contracts, net [2]	-	956	n.m	(334)	956	n.m
Bad debts recovered	32	-	n.m	16	-	n.m
	1,085	1,397	(22%)	70	1,157	(94%)

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

Interest expense on borrowings	7,729	2,840	172%	2,212	1,378	61%
Depreciation of property, plant and equipment	10,917	6,638	64%	3,639	2,930	24%
Depreciation of investment properties	52	6	767%	17	6	183%
Operating lease expense	8,616	4,246	103%	2,669	1,770	51%
Foreign exchange (gain)/loss, net [1]	(299)	1,208	n.m	(61)	402	n.m
Loss/(gain) from fair value changes on currency forward contracts, net [2]	1,172	(956)	n.m	1,506	(1,065)	n.m
Reversal of provision for onerous contracts [3]	(11,484)	(2,169)	429%	(3,798)	2,423	n.m
Allowance for impairment of receivables, net	339	2,586	(87%)	339	2,549	(87%)
Bad debts recovered	(32)	-	n.m	(16)	-	n.m
Allowance for/(reversal of) inventory obsolescence	157	(120)	n.m	-	-	n.m
Loss/(gain) on disposal of property, plant and equipment	32	(69)	n.m	(18)	(53)	(66%)

Notes on Group Profit and Loss:

- [1] The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollar, Malaysian Ringgit and Euro.
- [2] Currency forward contracts are mostly used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in US Dollar. As the Group did not adopt hedge accounting under SFRS(I) 9, changes to fair value of foreign currency forward contracts are recognised immediately in the statement of comprehensive income.
- [3] Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are reversed 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>	
	June 2019 \$'000	September 2018 \$'000	June 2019 \$'000	September 2018 \$'000
Non-current assets				
Property, plant and equipment	139,303	148,978	55,360	60,042
Investment properties	2,419	2,471	-	-
Investment in subsidiaries	-	-	225,559	225,559
Interest in joint venture	12,562	12,116	6,076	6,076
Interest in associates	12,682	11,477	17,065	13,505
Available-for-sale financial assets	81	109	81	109
	167,047	175,151	304,141	305,291
Current assets				
Inventories	238,214	270,249	114,931	158,032
Trade and other receivables	182,761	180,725	104,127	79,857
Amount due from subsidiaries	-	-	7,399	8,414
Prepayments	7,129	4,526	6,381	4,025
Deposits	252	300	133	131
Assets held for sale	28,879	26,711	-	-
Cash and cash equivalents	19,033	41,080	8,810	15,591
	476,268	523,591	241,781	266,050
Total assets	643,315	698,742	545,922	571,341
Current liabilities				
Trade and other payables	70,465	58,959	33,401	46,768
Amount due to subsidiaries	-	-	15,032	14,611
Advances received	4,452	3,178	1,538	2,449
Loans and borrowings	197,130	255,838	110,540	140,691
Loan from immediate holding company	23,100	-	23,100	-
Provisions	8,581	20,066	1,560	4,998
Derivative financial instruments	1,497	325	658	239
Current income tax liabilities	7,458	5,115	3,126	2,665
	312,683	343,481	188,955	212,421
Non-current liabilities				
Provisions	244	244	244	244
Loans and borrowings	63,204	82,265	62,116	79,948
Deferred tax liabilities	12,337	12,616	7,258	7,258
Amount due to subsidiaries	-	-	8,839	-
Loan from immediate holding company	-	23,100	-	23,100
	75,785	118,225	78,457	110,550
Total liabilities	388,468	461,706	267,412	322,971
Net assets	254,847	237,036	278,510	248,370
Equity attributable to owners of the Company				
Share capital	125,001	125,001	125,001	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(79)	(51)	(79)	(51)
Foreign currency translation reserve	(3,242)	(2,764)	-	-
Retained earnings	133,675	115,358	154,096	123,928
Total equity	254,847	237,036	278,510	248,370
Total equity and liabilities	643,315	698,742	545,922	571,341

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

Amount repayable in one year or less, or on demand

	30 June 2019		30 September 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	1,782	-	2,077	-
Bills payable	18,364	171,242	113,205	140,556
Bank loans	5,742	-	-	-
Loan from immediate holding company	-	23,100	-	-
	25,888	194,342	115,282	140,556

Amount repayable after one year

	30 June 2019		30 September 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	1,656	-	2,954	-
Bank loans	61,548	-	79,311	-
Loan from immediate holding company	-	-	-	23,100
	63,204	-	82,265	23,100

Details of any collateral

Finance lease liabilities of S\$3.4 million (2018: S\$5.0 million) are secured by certain motor vehicles and certain plant and machinery. The carrying amount of motor vehicles and plant and machinery held under finance leases were S\$2.4 million (2018: S\$2.8 million) and S\$4.1 million (2018: S\$7.1 million) respectively.

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

New bank loans taken up in 3Q19 are secured by mortgage over certain leasehold properties and asset held for sale held by the Group. The bank loan which was secured by the shares of Lee Metal Group Pte Ltd was fully repaid in 2Q19.

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

	Nine Months 2019 \$'000	Nine Months 2018 \$'000	3rd Quarter 2019 \$'000	3rd Quarter 2018 \$'000
OPERATING ACTIVITIES				
Profit before tax from continuing operations	25,034	(2,805)	10,959	(6,380)
Profit before tax from discontinued operation	-	(644)	-	(1,778)
	<u>25,034</u>	<u>(3,449)</u>	<u>10,959</u>	<u>(8,158)</u>
Adjustments for :				
Share of results of joint venture	(585)	(439)	(279)	(241)
Share of results of associates	1,331	1,163	372	326
Amortisation of club memberships	-	2	-	2
Depreciation of investment properties	52	6	17	6
Depreciation of property, plant and equipment	10,917	7,231	3,639	2,536
Allowance for/(reversal of) inventory obsolescence	157	(120)	-	-
Allowance for impairment of receivables, net	339	2,586	339	2,549
Fair value changes on derivatives, net	1,172	(956)	1,506	(1,065)
Loss/(gain) on disposal of property, plant and equipment	32	(69)	(18)	(53)
Loss recognised on re-measurement to fair value less costs to sell	-	1,778	-	1,778
Bad debts recovered	(32)	-	(32)	-
(Reversal of)/provision for onerous contracts	(11,484)	(2,169)	(3,798)	2,423
Unrealised exchange differences	41	1,051	-	211
Interest expense	7,729	2,840	2,212	1,378
Interest income	(156)	(227)	(46)	(116)
Dividend income from investment in available-for-sale financial assets	(2)	(5)	(2)	(5)
Operating cash flow before working capital changes	<u>34,545</u>	<u>9,223</u>	<u>14,869</u>	<u>1,571</u>
Changes in working capital:				
Trade and other receivables	(2,343)	(21,329)	1,576	(3,509)
Inventories	31,878	(5,788)	13,876	(31,650)
Prepayments and deposits	(2,555)	774	557	147
Development costs for assets held for sale	(2,168)	(259)	(761)	(259)
Trade and other payables	12,526	39,657	3,387	60,079
Cash flows generated from operations	<u>71,883</u>	<u>22,278</u>	<u>33,504</u>	<u>26,379</u>
Income tax paid	(2,320)	(2,784)	(1,120)	(1,420)
Retirement benefits paid	-	(187)	-	(25)
Net cash flows generated from operating activities	<u>69,563</u>	<u>19,307</u>	<u>32,384</u>	<u>24,934</u>
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(1,633)	(28,967)	(198)	(380)
Proceeds from disposal of property, plant and equipment	132	70	5	54
Capital contribution from non-controlling interest of a subsidiary	-	840	-	-
Net cash outflow from acquisition of a subsidiaries	-	(135,823)	-	(135,823)
Interest received	156	227	46	116
Dividend income from investment in available-for-sale financial assets	2	5	2	5
Dividend income from associate company	1,050	-	1,050	-
Loan to associate company	(3,672)	(2,318)	-	-
Net cash flows (used in)/generated from investing activities	<u>(3,965)</u>	<u>(165,966)</u>	<u>905</u>	<u>(136,028)</u>
FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(1,593)	(1,583)	(445)	(337)
Net (repayment of)/proceeds from bills payable	(64,155)	24,085	(2,839)	(15,236)
Net (repayment of)/proceeds from bank loan	(12,021)	122,021	(12,021)	122,021
Proceeds from issuance of shares	-	46,990	-	-
Proceeds from/(repayment of) loan from immediate holding company	-	23,100	(36,543)	-
Dividends paid	(2,333)	-	-	-
Interest paid	(7,475)	(2,360)	(2,221)	(1,040)
Net cash flows (used in)/generated from financing activities	<u>(87,577)</u>	<u>212,253</u>	<u>(54,069)</u>	<u>105,408</u>
Net (decrease)/increase in cash and cash equivalents	(21,979)	65,594	(20,780)	(5,686)
Cash and cash equivalents at beginning of financial period	41,080	23,989	39,826	95,169
Effects of exchange rate changes on cash and cash equivalents	(68)	11	(13)	111
Cash and cash equivalents at end of financial period	<u>19,033</u>	<u>89,594</u>	<u>19,033</u>	<u>89,594</u>
Cash and cash equivalents				
Continuing operations	19,033	89,510	19,033	89,510
Discontinued operation	-	84	-	84
	<u>19,033</u>	<u>89,594</u>	<u>19,033</u>	<u>89,594</u>

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

Statement of Changes in Equity – Group

	Attributable to Owners of the Company										Total equity \$'000
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Reserve of disposal group classified as held for sale	Total	Non-controlling interest	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	(3,315)	102,728	-	167,755	422	168,177
Loss, net of tax	-	-	-	-	-	-	(4,181)	-	(4,181)	(326)	(4,507)
Other comprehensive income for the financial period	-	-	-	-	-	1,098	-	-	1,098	66	1,164
Total comprehensive income for the financial period	-	-	-	-	-	1,098	(4,181)	-	(3,083)	(260)	(3,343)
Conversion of bonds	10,000	-	-	-	-	-	-	-	10,000	-	10,000
Issuance of shares	46,990	-	-	-	-	-	-	-	46,990	-	46,990
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	840	840
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	56,990	-	-	-	-	-	-	-	56,990	840	57,830
Employee share options cancelled	-	-	-	-	(885)	-	885	-	-	-	-
Reserve of disposal group classified as held for sale	-	-	-	-	-	(131)	-	131	-	-	-
Balance at 30 June 2018	125,001	(1,105)	597	(46)	-	(2,348)	99,432	131	221,662	1,002	222,664
Balance at 1 October 2018	125,001	(1,105)	597	(51)	-	(2,764)	115,358	-	237,036	-	237,036
Profit, net of tax	-	-	-	-	-	-	20,650	-	20,650	-	20,650
Other comprehensive income for the financial period	-	-	-	(28)	-	(478)	-	-	(506)	-	(506)
Total comprehensive income for the financial period	-	-	-	(28)	-	(478)	20,650	-	20,144	-	20,144
Cash dividends on ordinary shares	-	-	-	-	-	-	(2,333)	-	(2,333)	-	(2,333)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	-	-	-	(2,333)	-	(2,333)	-	(2,333)
Balance at 30 June 2019	125,001	(1,105)	597	(79)	-	(3,242)	133,675	-	254,847	-	254,847

Statement of Changes in Equity - Company

	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Profit, net of tax	-	-	-	-	-	5,012	5,012
Total comprehensive income for the financial period	-	-	-	-	-	5,012	5,012
Conversion of bonds	10,000	-	-	-	-	-	10,000
Issuance of shares	46,990	-	-	-	-	-	46,990
Total contributions by and distributions to owners	56,990	-	-	-	-	-	56,990
Employee share options cancelled	-	-	-	-	(885)	885	-
Balance at 30 June 2018	125,001	(1,105)	597	(46)	-	110,772	235,219
Balance at 1 October 2018	125,001	(1,105)	597	(51)	-	123,928	248,370
Profit, net of tax	-	-	-	-	-	32,501	32,501
Other comprehensive income for the financial period	-	-	-	(28)	-	-	(28)
Total comprehensive income for the financial period	-	-	-	(28)	-	32,501	32,473
Cash dividends on ordinary shares	-	-	-	-	-	(2,333)	(2,333)
Total contributions by and distributions to owners	-	-	-	-	-	(2,333)	(2,333)
Balance at 30 June 2019	125,001	(1,105)	597	(79)	-	154,096	278,510

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

	<u>Number of issued share capital (excluding treasury shares)</u>	<u>Treasury shares</u>
As at 1 April 2019 and 30 June 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

	<u>Number of issued share capital (excluding treasury shares)</u>	<u>Treasury shares</u>
As at 1 April 2018	230,035,089	1,626,600
Issuance of shares under conversion of bonds	3,300,000	-
As at 30 June 2018	<u>233,335,089</u>	<u>1,626,600</u>

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

Conversion of bonds

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

The bonds were convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every S\$1.00 (2018: S\$1.00) of Bonds held.

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

During last financial period, the Company issued and allotted 3,300,000 ordinary new shares in relation to conversion of S\$3,300,000 of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014. These shares had been listed and quoted on the Singapore Exchange Securities Trading Limited accordingly.

As at 30 June 2018, there was no convertible bond which had not been converted to ordinary shares. The bonds were fully converted into ordinary share in the capital of the Company on 21 June 2018.

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

	30 June 2019	30 September 2018
Total number of issued shares	233,335,089	233,335,089

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

	30 June 2019	30 September 2018
Number of treasury shares	1,626,600	1,626,600

Treasury shares

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during 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 2018.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), since 1 October 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

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

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

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

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

Earnings per ordinary share from continuing operations (cents)

The Group	9M19	9M18	3Q19	3Q18
- Basic	8.85	(1.83)	3.91	(2.96)
- Diluted basis	8.85	(1.83)	3.91	(2.96)
Weighted average number of shares for basic earnings per share	233,335,089	210,433,257	233,335,089	230,842,781
Weighted average number of shares for diluted earnings per share	233,335,089	210,433,257	233,335,089	230,842,781

Earnings per ordinary share (cents)

The Group	9M19	9M18	3Q19	3Q18
- Basic	8.85	(1.99)	3.91	(3.35)
- Diluted basis	8.85	(1.99)	3.91	(3.35)
Weighted average number of shares for basic earnings per share	233,335,089	210,433,257	233,335,089	230,842,781
Weighted average number of shares for diluted earnings per share	233,335,089	210,433,257	233,335,089	230,842,781

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)

	June 2019	September 2018
The Group *	109.22	101.59
The Company	119.36	106.44

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

Net asset value per ordinary share was calculated based on 233,335,089 shares as at 30 June 2019 and 30 September 2018 respectively.

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

Consolidated Statement of Comprehensive Income

Following the completion of the compulsory acquisition of 100% of the total issued and paid-up capital of Lee Metal Group Ltd ("Lee Metal") on 26 July 2018, the Group has now included 100% of Lee Metal's financial results in its Consolidated Statement of Comprehensive Income for the nine months ("9M19") and third quarter of 2019 ("3Q19"). In contrast, during the previous financial year, the Group only consolidated Lee Metal's June 2018 results in the corresponding nine months period ("9M18") and third quarter ("3Q18").

Revenue

The Group's revenue for 9M19 and 3Q19 increased to S\$678.8 million and S\$209.7 million respectively, up by 91% and 44% from S\$355.1 million in 9M18 and S\$146.0 million in 3Q18. These were mainly attributable to full sales volume contributed by Lee Metal during the current financial year as compared to one month's sales volume contributed by Lee Metal in the corresponding periods during the last financial year.

Gross profit margin and gross profit

The Group's gross profit as a percentage of revenue for 9M19 and 3Q19 increased to 8.2% and 11.8%, compared to 9M18 and 3Q18 of 5.3% and 3.1% respectively. The increase in gross profit margins was contributed by a higher volume of value-added sales tonnage delivered, costs synergies from bulk raw material purchases as well as the reverse of provisions for onerous contracts previously needed for those sales contracts for which costs required to meet the obligations exceed sales value. A reversal of provision for onerous contracts of S\$11.5 million was recorded in 9M19 as compared to S\$2.2 million in 9M18. A reversal of provision for onerous contracts of \$3.8 million was recorded in 3Q19, in contrast to the additional provision of S\$2.4 million made during 3Q18.

The Group's gross profit for 9M19 and 3Q19 increased respectively by 197% to S\$55.7 million from S\$18.8 million in 9M18 and 448% to S\$24.8 million from S\$4.5 million in 3Q18 due to higher volume of steel delivered at better margins.

Expenses

The increase in Group expenses was in line with the inclusion of Lee Metal's expenses for 9M19 and 3Q19.

Other income

Other income in 9M19 decreased by S\$0.3 million to S\$1.1 million from S\$1.4 million in 9M18. For 3Q19, other income decreased by S\$1.1 million to S\$0.1 million from S\$1.2 million. These were mainly due to loss from fair value changes on currency forward contracts of S\$1.2 million and S\$1.5 million was recorded under 'other operating expenses' in 9M19 and 3Q19 respectively in contrast to the gain from fair value changes on currency forward contracts of S\$1.0 million taken up in 'Other Income' in 9M18 and 3Q18.

Distribution and Administration expenses

Distribution expenses for 9M19 increased by 13%, up to S\$4.2 million from S\$3.7 million in 9M18. For 3Q19, distribution expenses increased marginally by 2% to remain at S\$1.5 million. The higher expenses incurred were mainly due to a higher volume of steel delivered.

Administrative expenses increased marginally by 1% to S\$9.4 million in 9M19 from S\$9.3 million in 9M18. The decrease in administrative expenses in 3Q19 by 25% to S\$3.9 million from S\$5.2 million in 3Q18 was mainly due to one-off legal and professional fees incurred in relation to the acquisition of Lee Metal in the previous year.

Finance costs

Finance costs for 9M19 and 3Q19 increased respectively by 172% to S\$7.7 million from S\$2.8 million in 9M18 and 61% to S\$2.2 million from S\$1.4 million in 3Q18 because of higher loans and borrowings to fund the acquisition of Lee Metal as well as to finance more raw material purchases for the higher sales volume of the enlarged group. Also, borrowing interest rates were higher as compared to the corresponding periods in the previous financial year. Loans that were taken to fund the acquisition of Lee Metal were fully repaid in 2Q19. In 3Q19, the Company took mortgage loans to fund the working capital for the enlarged Group.

Other operating expenses

Other operating expenses for 9M19 and 3Q19 increased respectively by 52% to S\$9.7 million from S\$6.3 million in 9M18 and 59% to S\$6.2 million from S\$3.9 million in 3Q18, mainly as a result of inclusion of expenses incurred by Lee Metal and a loss from fair value changes on currency forward contracts of S\$1.2 million in 9M19 and S\$1.5 million in 3Q19 respectively, offset by a lower allowance made for the impairment of receivables. The allowance for the impairment of receivables was S\$0.3 million in 9M19 and 3Q19 as compared to S\$2.6 million in the corresponding periods of the previous financial year.

Share of results of associates

Share of losses of associates increased to S\$1.3 million in 9M19 from S\$1.2 million in 9M18 and to S\$0.4 million in 3Q19 from S\$0.3 million in 3Q18. This was mainly attributable to the Group's share of losses from its 17% equity interest in Pristine Islands Investment Pte Ltd, an investment holding company with 100% interest in a subsidiary that operates and manages an airport, hotel and resort in the Maldives. Although the construction of the hotel had been completed operational since September 2017, the resort is still under construction.

Share of results of joint venture

The Group's share of profit from its investment in the joint venture in China increased by 33% to S\$0.6 million in 9M19 and 16% to S\$0.3 million in 3Q19 due to better local market conditions.

Profit/(loss) from continuing operations, net of tax

Profit from continuing operations, net of tax increased to S\$20.7 million in 9M19 and S\$9.1 million in 3Q19 in contrast to the losses recorded in 9M18 and 3Q18 of S\$3.8 million and S\$6.8 million respectively mainly due to higher revenues coupled with improved gross profit margins and lower allowance for impairment of receivables.

Loss from discontinued operation, net of tax

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

Subsequent to the Company's intention to dispose Nuform Malaysia, a re-measurement to fair value less cost to sell was made as at 30 June 2018 resulting in a loss from discontinued operation, net of tax of S\$0.7 million and S\$1.8 million in 9M18 and 3Q18 respectively. The disposal of Nuform Malaysia was completed on 16 August 2018.

The disposal of Nuform Singapore was completed on 31 July 2018 and there was no profit and loss impact as the sales consideration was equivalent to the cost of investment.

Statement of Financial Position for the Group

As at 30 June 2019, the Group's balance sheet remained strong with net assets of S\$254.8 million and net asset value per ordinary share of 109.22 Singapore cents.

Interest in associates increased by S\$1.2 million due to loan extended to associate company of S\$3.6 million, offset by dividend income received from associate of S\$1.1 million and share of losses from associates of S\$1.3 million.

The Group's inventories decreased by S\$32.0 million. Correspondingly, bills payable also decreased.

The Group's prepayments increased by S\$2.6 million mainly due to prepayments for purchase of steel.

The Group's trade and other payables increased by S\$11.5 million mainly due to accrual for goods in transit.

The Group's advances received increased by S\$1.3 million mainly due to more advance payments received from customers.

The Group's bank loans and borrowings decreased significantly by S\$77.8 million due to net repayment to banks, which comprised finance lease liabilities of S\$1.6 million, bills payable of S\$64.2 million and bank loans of S\$12.0 million.

The Group's provisions decreased by S\$11.5 million due to reversal of provision for onerous contracts.

The Group's derivative financial instruments increased by S\$1.2 million due to mark-to-market losses of currency forward contracts as at 30 June 2019.

Statement of Cash Flow for the Group

Net cash flows generated from operating activities during 9M19 increased by S\$50.3 million to S\$69.6 million from S\$19.3 million in 9M18. 3Q19 net cash flows generated from operating activities increased by S\$7.5 million to S\$32.4 million from S\$24.9 million in 3Q18. These were mainly due to the decrease in inventories and higher profits.

Net cash flows used in investing activities for 9M19 decreased by S\$162.0 million to S\$4.0 million from S\$166.0 million in 9M18. 3Q19 net cash flows generated from investing activities was S\$0.9 million, compared to net cash flows used in investing activities of S\$136.0 million in 3Q18. These were mainly due to the reduction in net cash flow used in purchase of property, plant and equipment and acquisition of subsidiaries.

9M19 net cash flows used in financing activities was S\$87.6 million compared to net cash flow generated from financing activities of S\$212.3 million in 9M18. 3Q19 net cash flows used in financing activities was S\$54.1 million compared to net cash flows generated from financing activities of S\$105.4 million in 3Q18. These were largely due to repayment of bills payable and bank loans and absence of proceeds from placement shares during the current financial period.

With net cash flows used in financing activities of S\$87.6 million, cash and cash equivalents as at 30 June 2019 was S\$19.0 million, down from S\$89.6 million as at 30 June 2018.

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

The Group's results for Nine Months and 3rd Quarter ended 30 June 2019 were in line with the commentary in paragraph 10 of the previous Results Announcement.

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

Since our last commentary, global economic news had been dominated by the worsening effects from the continuing US-China trade war. On 23 July 2019, the International Monetary Fund (IMF) cut its forecast for global growth this year and next by 0.1 percentage point to 3.2% and 3.5% respectively, the fourth downgrade since October 2018. It also warned that further US-China tariffs or a disorderly exit for Britain from the European Union (EU) could further slow growth, weaken investment and disrupt supply chains.ⁱ In Singapore, GDP growth grounded to a standstill in the second quarter of 2019 with just 0.1% year-on-yearⁱⁱ, the slowest quarterly growth since the Great Recession in mid-2009. It is widely expected that Singapore's full-year economic forecast could be cut again, with a research house – Maybank Kim Eng – even predicting that the Singapore economy would probably experience a shallow technical recession in the third quarter of 2019.ⁱⁱⁱ

Amid all the doom and gloom, Singapore's construction sector continued its moderate recovery. After 10 consecutive quarters of decline, the sector grew an estimated 2.2% year-on-year in the second quarter of this year, after expanding 2.7% in the first quarter.^{iv} In fact, construction was pinpointed as the sole bright spot during the latest quarterly survey of professional forecasters by the Monetary Authority of Singapore (MAS) released on 12 June 2019.^v The turnaround in the Singapore construction industry is primarily driven by a slew of mega projects planned by the government, from the massive 1,050-hectare Changi Airport Terminal 5^{vi} project in the East, to the North-South Corridor^{vii} development connecting the towns in the north to the city centre, to the Tuas Mega Port^{viii} in the West which, when fully developed, is envisaged to be the world's largest container terminal located in a single location. At the same time, JTC Corporation, the lead agency in Singapore spearheading the planning, promotion and development of a dynamic industrial landscape, has been busy developing large multi-storey industrial complexes to consolidate various traditional industries occupying disparate, low-rise spaces under one roof. For instance, TimMac@Kranji^{ix}, a 5.97-hectare high-rise development slated for completion in 2020, will bring together many metal, machinery and timber companies under one space. In addition, there is a S\$9 billion expansion by Singapore's two integrated resorts which will see Marina Bay Sands add a new entertainment arena and hotel tower, while Resorts World Sentosa will extend Universal Studios Singapore to include two new attractions.^x

A strong construction pipeline supports the recovery of its supply chain, which reinforcing steel is an integral part of. The recent multi-year construction industry downturn had resulted in a series of business failures, for instance, a large piling specialist which is a subsidiary of a company listed on the SGX, is now under interim judicial management. While the market landscape may have improved significantly, a main challenge for the players in this industry remains the ability to survive the substantial number of loss-making contracts which it is continuing to fulfill.

In the local reinforcing steel industry, the downturn had, inter alia, resulted in the merger and acquisition between BRC and Lee Metal, two of the larger players in the market. Going forward, we are confident that as the number of loss-making contracts continue to be whittled down, the prospects for the enlarged Group will brighten in tandem with improving demand conditions. As at 30 June 2019, our order book stood at about S\$1 billion. The duration of the projects in our sales order book may be up to 5 years.

ⁱ <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019>

ⁱⁱ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv_Est2Q19.pdf

ⁱⁱⁱ <https://www.bloomberg.com/news/articles/2019-06-26/maybank-sees-recession-in-trade-reliant-singapore-next-quarter>

^{iv} https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv_Est2Q19.pdf

^v <https://www.mas.gov.sg/-/media/MAS/EPG/SPF/2019/Survey-Writeup-Jun2019-Web.pdf?la=en&hash=249112585320FAB3A89C85>

^{vi} <http://www.changiairport.com/corporate/our-expertise/changi-east.html>

^{vii} <https://www.lta.gov.sg/content/ltaweb/en/roads-and-motoring/projects/north-south-corridor.html>

^{viii} <https://www.maritimesgconnect.com/features/spotlight/5-things-you-should-know-about-new-tuas-mega-port>

^{ix} <https://www.jtc.gov.sg/industrial-land-and-space/Pages/timmac-kranji.aspx>

^x <https://www.channelnewsasia.com/news/singapore/singapore-integrated-resorts-expansion-resorts-world-sentosa-mbs-11409002>

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 is declared for the quarter ended 30 June 2019.

The Group aims to pay out at least 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items, for FY2019 and FY2020, and intends to pay a final dividend of no less than 5 Singapore cents for FY2019. Please refer to the announcement on dividend policy dated 13 May 2019.

13 Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)			
	9 Months	9 Months	3rd Qtr	3rd Qtr	9 Months	9 Months	3rd Qtr	3rd Qtr
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Esteel Enterprise Pte - Loan facility interest	1,261	376	569	259	Nil	Nil	Nil	Nil
Shanghai Emetal Hong Energy Co., Ltd - Steel hedging contractual price differential payable to	1,910	Nil	1,910	Nil	Nil	Nil	Nil	Nil
receivable from	1,177	Nil	1,177	Nil	Nil	Nil	Nil	Nil
- Sales commission receivable	156	Nil	156	Nil	Nil	Nil	Nil	Nil

The loans from Esteel Enterprise Pte Ltd are unsecured and comprise a S\$23.1 million loan denominated in Singapore Dollar and a S\$36.5 million loan denominated in United States Dollar that bear interest at fixed annual rates of 4.5% and 5.0% respectively. The S\$36.5 million loan was fully repaid in 3Q19.

As part of the Group's hedging strategy, the Company periodically entered into price differential hedging contracts with Shanghai Emetal Hong Energy Co., Ltd ("SEHE"), to provide for contractual settlement of market price differences in steel. This is to help reduce the Group's business risk in relation to fluctuating steel prices, being its primary raw material. SEHE is majority-owned by the brother of our controlling shareholder.

The sales commission receivable relates to international steel merchandising business whereby the Group was appointed as agent for SEHE.

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 nine months and third quarter ended 30 June 2019 to be false or misleading in any material aspects.

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

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

ON BEHALF OF THE BOARD OF DIRECTORS

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
7 August 2019