BRC Asia Limited

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period ended 31 December 2009

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 first quarter ended 31 December 2009

	1st Qtr 2010 $'000	1st Qtr 2009 $'000	+/(-) %
Sales	**62,815**	67,059	(6)
Cost of sales	**(51,025)**	(65,534)	(22)
Gross profit	**11,790**	1,525	673
Other income [note (a)]	**28**	98	(71)
Expenses			
- Distribution	**(680)**	(472)	44
- Administrative	**(1,691)**	(698)	142
- Finance	**(273)**	(776)	(65)
- Other	**(1,426)**	(167)	754
Share of profit of joint venture, net of tax	**334**	666	(50)
Profit before tax [note (b)]	**8,082**	176	4,492
Income tax expense	**(1,317)**	-	n.m.
Profit net of tax	**6,765**	176	3,744
Other comprehensive income:			
- Fair value loss on available-for-sale financial assets	**-**	(7)	n.m.
- Foreign currency translation	**(36)**	-	n.m.
Other comprehensive income for the financial period, net of tax	**(36)**	(7)	414
Total comprehensive income for the financial period	**6,729**	169	3,882

n.m. denotes not meaningful.

	1st Qtr 2010 $'000	1st Qtr 2009 $'000	+/(-) %
Note (a) - Other income			
Rental Income	**28**	98	(74)
Total	**28**	98	
Note (b) - Profit before tax is arrived at after charging / (crediting)			
Interest expense on borrowings [See para 8]	**273**	776	(65)
Depreciation of property, plant and equipment	**412**	406	1
Allowance for impairment / (recovery) of trade receivables	**275**	(5)	n.m.
Rental expense on operating leases	**150**	168	11
Fair value changes on currency forward contracts [See comment 1]	**(84)**	967	n.m.
Foreign exchange [See comment 1]	**907**	(1,031)	n.m.
Provision for onerous contracts	**-**	655	n.m.
Share option expense	**-**	22	n.m.

Commentary

[1] The bulk of the Group's transactional exposures arise from the purchase of steel, the principal raw material which is generally denominated in US Dollar. These exposures are hedged using forward exchange contracts. As the Group did not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognized immediately in the income statement.

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

	The Group		The Company	
	Dec 2009	Sep 2009	**Dec 2009**	Sep 2009
	$'000	$'000	**$'000**	$'000
Current assets				
Cash and cash equivalents	**6,786**	8,771	**6,771**	8,755
Trade and other receivables	**63,556**	55,317	**63,556**	55,317
Inventories	**51,138**	45,585	**51,138**	45,585
Other current assets	**124**	307	**78**	261
	121,604	109,980	**121,543**	109,918
Non-current assets				
Investment in a subsidiary	**-**	-	**3,426**	3,426
Investment in joint venture	**9,801**	9,467	**6,076**	6,076
Available-for-sale financial assets	**28**	28	**28**	28
Property, plant and equipment	**12,036**	12,124	**12,036**	12,124
	21,865	21,619	**21,566**	21,654
Total assets	**143,469**	131,599	**143,109**	131,572
Current liabilities				
Trade and other payables	**17,803**	40,785	**21,090**	44,107
Current income tax liabilities	**4,543**	3,352	**4,543**	3,352
Borrowings	**49,683**	22,178	**49,683**	22,178
	72,029	66,315	**75,316**	69,637
Non-current liabilities				
Borrowings	**4,395**	4,968	**4,395**	4,968
Provision for retirement benefits	**786**	786	**786**	786
Deferred income tax liabilities	**863**	863	**863**	863
	6,044	6,617	**6,044**	6,617
Total liabilities	**78,073**	72,932	**81,360**	76,254
Net assets	**65,396**	58,667	**61,749**	55,318
Share capital and reserves				
Share capital	**29,663**	29,663	**29,663**	29,663
Capital reserve	**597**	597	**597**	597
Fair value reserve	**8**	8	**8**	8
Share option reserve	**729**	729	**729**	729
Foreign currency translation reserve	**(158)**	(122)	**-**	-
Retained earnings	**34,557**	27,792	**30,752**	24,321
Total equity	**65,396**	58,667	**61,749**	55,318

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

Amount repayable in one year or less, or on demand

31 Dec 2009		30 Sep 2009	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,068	**48,615**	1,066	21,112

Amount repayable after one year

31 Dec 2009		30 Sep 2009	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,358	**3,037**	1,626	3,342

Details of any collateral

Borrowings of $931K is secured by a mortgage over the factory at 12 Tuas Avenue 5, Singapore 639338 and the balance of $1,495K relates to hire purchase financing of machinery.

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

	1st Qtr 2009	1st Qtr 2008
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	**8,082**	176
Adjustments for :		
Share of results of joint venture	**(334)**	(666)
Depreciation of property, plant and equipment	**412**	406
Share option expenses	**-**	22
Interest expense	**273**	776
Operating cash flow before working capital change	**8,433**	714
Change in operating assets and liabilities		
Trade and other receivables	**(8,238)**	240
Inventories	**(5,553)**	25,030
Other current assets	**183**	1,872
Trade and other payables	**(23,078)**	(12,259)
Cash provided by operations	**(28,253)**	15,597
Income tax paid	**(126)**	-
Net cash (used in) / provided by operating activities	**(28,379)**	15,597
Cash flows from investing activities		
Purchases of property, plant and equipment	**(329)**	(883)
Proceeds from disposal of property, plant and equipment	**6**	-
Net cash used in investing activities	**(323)**	(883)
Cash flows from financing activities		
(Repayment of) / net proceeds from bank loan	**(423)**	767
(Repayment of) / net proceeds from finance lease	**(132)**	379
Net proceeds from / (repayment of) bills payable to banks	**27,487**	(19,032)
Proceed from issuance of ordinary shares	**-**	3,311
Interest paid	**(215)**	(776)
Net cash provided by / (used in) financing activities	**26,717**	(15,351)
Net decrease in cash and cash equivalents	**(1,985)**	(587)
Cash and cash equivalents at the beginning of the financial period	**8,771**	9,937
Cash and cash equivalents at the end of the financial period	**6,786**	9,350

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

	Share capital	Capital reserve	Fair value reserve	Share option reserve	Currency translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2009	29,663	597	8	729	(122)	27,792	58,667
Net profit	-	-	-	-	-	6,765	6,765
Other comprehensive income for the financial period	-	-	-	-	(36)	-	(36)
Total comprehensive income for the financial period	**-**	**-**	**-**	**-**	**(36)**	**6,765**	**6,729**
Balance at 31 December 2009	**29,663**	**597**	**8**	**729**	**(158)**	**34,557**	**65,396**
Balance at 1 October 2008	25,105	597	9	1,932	(4)	11,331	38,970
Net profit	-	-	-	-	-	176	176
Other comprehensive income for the financial period	-	-	(7)	-	-	-	(7)
Total comprehensive income for the financial period	**-**	**-**	**(7)**	**-**	**-**	**176**	**169**
Employee share option scheme - Value of employee services	-	-	-	22	-	-	22
Issue of shares	4,558	-	-	(1,247)	-	-	3,311
Balance at 31 December 2008	**29,663**	**597**	**2**	**707**	**(4)**	**11,507**	**42,472**

Statement of Changes in Equity-Company

	Share capital	Capital reserve	Fair value reserve	Share option reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2009	29,663	597	8	729	24,321	55,318
Net profit	-	-	-	-	6,431	6,431
Other comprehensive income for the financial period	-	-	-	-	-	-
Total comprehensive income for the financial period	**-**	**-**	**-**	**-**	**6,431**	**6,431**
Balance at 31 December 2009	**29,663**	**597**	**8**	**729**	**30,752**	**61,749**
Balance at 1 October 2008	25,105	597	9	1,932	8,899	36,542
Net loss	-	-	-	-	(490)	(490)
Other comprehensive income for the financial period	-	-	(7)	-	-	(7)
Total comprehensive income for the financial period	**-**	**-**	**(7)**	**-**	**(490)**	**(497)**
Employee share option scheme - value of employee services	-	-	-	22	-	22
Issue of shares	4,558	-	-	(1,247)	-	3,311
Balance at 31 December 2008	**29,663**	**597**	**2**	**707**	**8,409**	**39,378**

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 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

There is no change in the Company's share capital since the end of the previous financial period reported on.

The 12,940,000 options outstanding as at 31 Dec 2008 under the BRC Share Option Scheme 2004 lapsed on 17 Mar 2009, and there were no more options outstanding as at 31 December 2009.

The outstanding options under the BRC Share Option Scheme as at 31 December 2008 were:-

Options	Exercise Period	Exercise Price
12,940,000	07/09/2009 - 06/09/2012	$0.1710

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 Dec 09	**30 Sep 09**
Total number of issued shares	672,009,000	672,009,000

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.

Not applicable.

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)

N/A

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recently audited annual financial statement for the financial year ended 30 September 2009.

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

On 1 October 2009, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. They are:

FRS 1 – Presentation of Financial Statements

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all non-owner changes in equity, either in one single statement, or in two statements. The Group is presenting the statement of comprehensive income in one single statement.

FRS 108 – Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The adoption of the standard has no impact on the financial position and results 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

The Group

Earnings per ordinary share (cents)	**1st Qtr 2009**	1st Qtr 2008
- Basic	1.007	0.026
- Diluted basis	1.007	0.026

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

The Group

Net asset value per ordinary share (cents)	**31 Dec 09**	30 Sep 09
- Basic	9.73	8.73

The Company

Net asset value per ordinary share (cents)	**31 Dec 09**	30 Sep 09
- Basic	9.19	8.23

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.

SINGAPORE

In spite of a higher volume of steel delivered as compared to corresponding period in the previous financial year ("1Q09"), revenue for the current quarter ("1Q10") decreased by 6% due to lower unit selling prices, which was in tandem with decreased steel costs. Higher sales volume is attributable to the buoyant construction activities, particularly in the HDB sector.

Gross profit increased more than six fold from S$1.5 mil to S$11.8 mil with gross profit margin as a percentage of sales improving by approximately 16.5% from 2.3% to 18.8% compared to 1Q09 as the weighted average cost of sales was lowered by cheaper purchases as a result of declining steel costs while sales orders were secured at better prices.

The increase in administrative expenses and distribution costs were mainly attributable to the increase in the personnel costs.

Finance expenses were lower as compared to 1Q09 as the bank borrowings required to fund inventory reduced.

Other expenses increased as compared to 1Q09 mainly due to allowance for impairment of trade receivables and foreign exchange losses attributable to the weakened US Dollar in 1Q10.

CHINA

Our share of profit decreased by 50% as compared to 1Q09 mainly due to completion of a supply contract for China's high speed railway project which was secured at higher margins.

GROUP

The Group continued to grow both in volume and profits. Overall, the Group's net profit improved significantly from S$176k in 1Q09 to S$6.8 mil in 1Q10 due to higher gross margin.

GROUP BALANCE SHEET & CASH FLOW

Bank borrowings increased by S$27.0 mil from S$27.1 mil as of 30 September 2009 to S$54.1 mil as of 31 December 2009 due to higher level of inventory purchases during 1Q10 which were funded through bank financing as compared to open credit terms. Correspondingly, trade and other payables decreased by S$23.0 mil from S$40.8 mil to S$17.8 mil.

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

No forecast or prospect statement has been made or disclosed to shareholders.

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

Construction demand (value of contracts awarded) came down from the peak of S$35.8 billion in 2008 to S$21.0 billion in 2009. For 2010, the Building and Construction Authority ("BCA") projected the construction demand to be between S$21.0 billion and S$27.0 billion.

Construction output (payment of work done) was estimated to have reached a record high of S$30.0 billion in 2009. The record construction output underpinned the strong demand for reinforcing steel products in 2009. As there is usually a time lag of 12 to 18 months before demand is converted to actual construction output, the demand for reinforcing steel products is likely to abate in 2010, in line with a drop in construction demand in 2009.

Recent strengthening in global steel scrap and iron ore prices, coupled with increased freight and fuel charges have put pressure on international steel mills to hike steel prices. However, in the domestic market, selling prices have not increased in tandem due to severe competition in a soft market which will put pressure on operating margins.

CHINA

The Group's Joint Venture ("JV") in China will continue to see contribution from projects in the rail and infrastructure sectors. However, margins will be under pressure due to competition with new entrants in these sectors.

Barring unforeseen circumstances, the Group is cautiously optimistic on the business prospects for the current financial year.

11. Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date payable

NA

(d) Books closure date

NA

(e) 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 2009.

12. Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	1st Quarter ended 31 December 2009	1st Quarter ended 31 December 2008	1st Quarter ended 31 December 2009	1st Quarter ended 31 December 2008
HG Metal Manufacturing Limited	-	-	Sales - S$240k	-

The Company had in its Annual General Meeting on 25 January 2010, obtained approval from its shareholders for the renewal of a general mandate for transactions with certain interested persons. Please refer to the Company's Annual Report 2009 for details. The Company's Annual Report 2009 can be accessed through the Company's website and the website "sgx.com".

13 Confirmation pursuant to Rule 705(4) of the SGX Listing Manual

We, Lim Siak Meng and Sia Ling Sing, being two directors of BRC Asia Limited, do hereby confirm on behalf 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 quarter ended 31 December 2009 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Lim Siak Meng	Sia Ling Sing
Executive Director	Executive Chairman

BY ORDER OF THE BOARD

Sia Ling Sing
Chairman
10 February 2010