BRC Asia Limited

BRC posts sharp increase in profits

- Gross profit margin improved from 2.3% to 18.8%
- Gross profit increased from S$1.5 million to S$11.8 million
- Net profit jumped from S$0.2 million to S$6.8 million

Singapore, 10 Feburary 2010 – SGX-Mainboard listed BRC Asia Limited ("BRC" or "The Group"), one of the largest prefabricated steel reinforcement provider in Singapore, is pleased to annouce a jump in net profit to S$6.8 million for the first financial quarter ended 31 December 2009 ("1Q10") from S$0.2 million in the corresponding period in the previous financial year ("1Q09").

Financial Highlights

S$'000	1Q10 3M ended 31 Dec 09	1Q09 3M ended 31 Dec 08	% Change
Revenue	62,815	67,059	*(6)*
Gross Profit	11,790	1,525	*673*
Gross Profit Margin	18.8%	2.3%	*16.5 ppt*
Share of profit of JV, net of tax	334	666	*(50)*
Net Profit	6,765	176	*3,744*

Acccording to Building and Construction Authority ("BCA")'s statistics, construction output (payment for work done) was estimated to have reached a record high of S$30.0 billion in 2009. This record construction output underpinned the strong demand for BRC's reinforcing steel products.

In 1Q10, BRC's sales revenue decreased by 6% due to lower selling prices despite an increase of 38% in volume of steel products sold. Gross profit margin increased from 2.3% in 1Q09 to 18.8% in 1Q10, resulting in a gross profit of S$11.8 million. Consequently, net proft increased from S$0.2 million in 1Q09 to S$6.8 million in 1Q10. The increase in profits was largely the result of prudent control in cost of inventory and broad based contribution from diversified product groups and services which were developed over the past few years.

The Group's Joint Venture ("JV") in China continued to enjoy contribution from projects in the rail and infrastructure sectors. However, profitability was lower in the current quarter due to the completion of a supply contract for high-speed railway project secured at higher margins. Consequently, BRC's share of profit decreased by 50% compared to 1Q09.

As at 31 December 2009, the Group's financial position remained sound with total assets and shareholders' equity increasing from S$131.6 million and S$58.7 million as at 30 September 2009 to S$143.5 million and S$65.4 million respectively.

Bank borrowings increased by S$27.0 million from S$27.1 million to S$54.1 million due to higher level of inventory purchases during 1Q10 which were funded through bank financing as compared to open credit terms. On the other hand, trade and other payables decreased by S$23.0 million from S$40.8 million to S$17.8 million. The Group's net asset value per share increased from 8.73 cents to 9.73 cents.

"We are glad to announce a good set of results as we reap the benefits of on-going efforts to re-engineer and reposition the business to offer "Better, Faster & Cheaper" prefabricated reinforcing solutions to our customers. "

Mr. Lim Siak Meng,
Group Managing Director

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About BRC Asia Limited

BRC Asia Limited is one of the largest reinforcing steel fabricator in Singapore. The Group's core business is in providing a complete range of reinforcing solutions - steel welded mesh, prefabricated reinforcing steel cages, cut & bent reinforcement bars, for the construction industry.

The Company was incorporated in Singapore in 1938 as the Malayan Wire Mesh & Fencing Co Ltd and was listed on the SGX-ST Mainboard in July 2000.

For more information, please visit the Group's website at www.brc.com.sg

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