



**BRC Asia Limited**

**Unaudited Half-Year and Second Quarter Financial Statement and Related Announcement for the Period Ended 31 March 2014**

**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 half year and second quarter ended 31 March 2014**

	<b>1<sup>st</sup> Half 2014 \$'000</b>	<b>1<sup>st</sup> Half 2013 \$'000</b>	<b>+ / (-) %</b>	<b>2<sup>nd</sup> Qtr 2014 \$'000</b>	<b>2<sup>nd</sup> Qtr 2013 \$'000</b>	<b>+ / (-) %</b>
Revenue	197,895	213,411	(7)	98,131	101,777	(4)
Cost of sales	<u>(168,175)</u>	<u>(180,295)</u>	(7)	<u>(84,061)</u>	<u>(83,832)</u>	n.m.
Gross profit	29,720	33,116	(10)	14,070	17,945	(22)
Other income [ note (a) ]	1,034	806	28	1,052	656	60
Expenses						
- Distribution expenses	(2,608)	(2,975)	(12)	(1,240)	(1,449)	(14)
- Administrative expenses	(7,227)	(6,565)	10	(3,402)	(3,472)	(2)
- Finance costs	(491)	(639)	(23)	(222)	(280)	(21)
- Other operating expenses	(2,243)	(1,308)	71	(2,351)	(1,157)	103
Share of results of joint venture	111	(1,325)	n.m.	43	(945)	n.m.
Profit before tax [ note (b) ]	<u>18,296</u>	21,110	(13)	<u>7,950</u>	11,298	(30)
Income tax expense	(3,191)	(3,814)	(16)	(1,395)	(2,081)	(33)
Profit net of tax	<u>15,105</u>	17,296	(13)	<u>6,555</u>	9,217	(29)
Other comprehensive income:						
- Fair value gains on available-for-sale financial assets	-	16	n.m.	-	16	n.m.
- Foreign currency translation	(33)	-	n.m.	10	-	n.m.
Other comprehensive income for the financial period, net of tax	<u>(33)</u>	16	n.m.	<u>10</u>	16	n.m.
Total comprehensive income for the financial period	<u>15,072</u>	17,312	(13)	<u>6,565</u>	9,233	(29)
Profit net of tax attributable to:						
Owners of the parent	15,114	17,296	(13)	6,553	9,217	(29)
Non-controlling interests	(9)	-	n.m.	2	-	n.m.
	<u>15,105</u>	17,296	(13)	<u>6,555</u>	9,217	(29)
Total comprehensive income attributable to:						
Owners of the parent	15,082	17,314	(13)	6,562	9,235	(29)
Non-controlling interests	(10)	(2)	n.m.	3	(2)	n.m.
	<u>15,072</u>	17,312	(13)	<u>6,565</u>	9,233	(29)

n.m. denotes not meaningful.

	<b>1<sup>st</sup> Half</b>	1 <sup>st</sup> Half	+/(-)	<b>2<sup>nd</sup> Qtr</b>	2 <sup>nd</sup> Qtr	+/(-)
	<b>2014</b>	2013		<b>2014</b>	2013	
	<b>\$'000</b>	\$'000	%	<b>\$'000</b>	\$'000	%
<b>Note (a) - Other income</b>						
Interest Income	<b>10</b>	2	400	<b>8</b>	1	700
Sundry Income	<b>12</b>	-	n.m.	<b>11</b>	-	n.m.
Government grant	<b>209</b>	-	n.m.	<b>209</b>	-	n.m.
Foreign exchange gain, net [1]	<b>803</b>	804	-	<b>824</b>	655	26
Total	<b>1,034</b>	806	28	<b>1,052</b>	656	60

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

Interest expense on borrowings	<b>491</b>	638	(23)	<b>222</b>	279	(20)
Depreciation of property, plant and equipment	<b>1,985</b>	1,734	(14)	<b>980</b>	1,038	(6)
Rental expense on operating leases	<b>524</b>	467	12	<b>264</b>	236	12
Fair value changes on currency forward contracts, net [1]	<b>182</b>	214	(15)	<b>914</b>	387	136
Bad debts written off	<b>12</b>	-	n.m.	<b>5</b>	-	n.m.
Allowance for impairment of receivables	<b>893</b>	214	252	<b>893</b>	214	252
Write-off for property, plant and equipment	-	22	n.m.	-	22	n.m.
Share options expense [2]	<b>806</b>	218	301	<b>365</b>	92	371

**Comments on Group Profit and Loss**

[1] The bulk of the Group's transactional foreign currency 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 statement of comprehensive income.

[2] Share options expense relates to the fair value of share options granted to employees of the Company pursuant to the BRC Share Option Scheme 2011. The expense recognised reflects the extent to which the vesting period has expired.

**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**

	<b>The Group</b>		<b>The Company</b>	
	<b>March 2014 \$'000</b>	<b>September 2013 \$'000</b>	<b>March 2014 \$'000</b>	<b>September 2013 \$'000</b>
<b>Current assets</b>				
Trade and other receivables	85,827	77,703	84,172	77,703
Amount due from subsidiaries	-	-	14,271	10,897
Inventories	98,588	97,608	95,216	97,214
Prepayments	3,263	1,351	3,263	1,320
Deposits	701	716	658	657
Cash and cash equivalents	19,732	18,251	19,093	17,893
	<b>208,111</b>	<b>195,629</b>	<b>216,673</b>	<b>205,684</b>
<b>Non-current assets</b>				
Property, plant and equipment	65,018	61,216	53,796	51,095
Investment in subsidiaries	-	-	7,385	5,453
Investment in joint venture	9,970	9,860	6,076	6,076
Available-for-sale financial assets	166	143	166	143
	<b>75,154</b>	<b>71,219</b>	<b>67,423</b>	<b>62,767</b>
<b>Total assets</b>	<b>283,265</b>	<b>266,848</b>	<b>284,096</b>	<b>268,451</b>
<b>Current liabilities</b>				
Trade and other payables	32,492	44,863	34,410	48,059
Advances received / prepayments	2,775	15	2,775	15
Derivative financial instruments	182	630	182	630
Loan and borrowings	61,031	58,336	61,031	58,336
Current income tax liabilities	7,028	7,400	7,028	7,400
	<b>103,508</b>	<b>111,244</b>	<b>105,426</b>	<b>114,440</b>
<b>Non-current liabilities</b>				
Provision for retirement benefits	489	500	489	500
Loan and borrowings	9,825	4,250	9,825	4,250
Deferred income tax liabilities	4,580	4,580	4,580	4,580
	<b>14,894</b>	<b>9,330</b>	<b>14,894</b>	<b>9,330</b>
<b>Total liabilities</b>	<b>118,402</b>	<b>120,574</b>	<b>120,320</b>	<b>123,770</b>
<b>Net assets</b>	<b>164,863</b>	<b>146,274</b>	<b>163,776</b>	<b>144,681</b>
<b>Share capital and reserves</b>				
Share capital	62,646	59,265	62,646	59,265
Treasury shares	(190)	(190)	(190)	(190)
Capital reserve	597	597	597	597
Fair value adjustment reserve	6	6	6	6
Share option reserve	1,726	1,590	1,726	1,590
Foreign currency translation reserve	(503)	(471)	-	-
Retained earnings	100,582	85,468	98,991	83,413
<b>Equity attributable to owners of parent</b>	<b>164,864</b>	<b>146,265</b>	<b>163,776</b>	<b>144,681</b>
<b>Non-controlling interests</b>	<b>(1)</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>164,863</b>	<b>146,274</b>	<b>163,776</b>	<b>144,681</b>

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

### Amount repayable in one year or less, or on demand

	March 2014		September 2013	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Term loan	3,000	-	3,000	-
Bills payable	-	55,561	-	55,336
Finance lease liabilities	2,470	-	-	-
	<u>5,470</u>	<u>55,561</u>	<u>3,000</u>	<u>55,336</u>

### Amount repayable after one year

	March 2014		September 2013	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Term loan	2,750	-	4,250	-
Bills payable	-	-	-	-
Finance lease liabilities	7,075	-	-	-
	<u>9,825</u>	<u>-</u>	<u>4,250</u>	<u>-</u>

### Details of any collateral

Term loan of S\$5.8 million (2013: S\$7.3 million) is secured by a mortgage over a leasehold building at No. 5, Sixth Lok Yang Road, Singapore 628103.

Finance lease liabilities of S\$9.5 million (2013: Nil) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases are S\$9.8 million (2013: Nil) at the balance sheet date.

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

	<b>1<sup>st</sup> Half 2014 \$'000</b>	<b>1<sup>st</sup> Half 2013 \$'000</b>	<b>2<sup>nd</sup> Qtr 2014 \$'000</b>	<b>2<sup>nd</sup> Qtr 2013 \$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	<b>18,296</b>	21,110	<b>7,950</b>	11,298
Adjustments for :				
Share of results of joint venture	<b>(111)</b>	1,325	<b>(43)</b>	945
Depreciation of property, plant and equipment	<b>1,985</b>	1,734	<b>980</b>	1,038
Allowance for impairment of receivables	<b>893</b>	214	<b>893</b>	214
Write-off for property, plant and equipment	-	22	-	22
Bad debts written off	<b>12</b>	-	<b>5</b>	-
Unrealised exchange differences	<b>(34)</b>	-	<b>9</b>	-
Fair value changes on derivatives	<b>182</b>	214	<b>914</b>	387
Share options expense	<b>806</b>	218	<b>365</b>	92
Interest expense	<b>491</b>	638	<b>222</b>	279
Interest income	<b>(10)</b>	(2)	<b>(8)</b>	(1)
<b>Operating cash flow before working capital changes</b>	<b>22,510</b>	25,473	<b>11,287</b>	14,274
Change in operating assets and liabilities				
Trade and other receivables	<b>(9,027)</b>	8,936	<b>(9,790)</b>	10,208
Inventories	<b>(981)</b>	(19,162)	<b>(3,651)</b>	(26,006)
Other current assets	<b>(1,897)</b>	(2,518)	<b>(1,407)</b>	(2,070)
Trade and other payables	<b>(10,240)</b>	(2,478)	<b>5,356</b>	5,643
<b>Cash flows from operations</b>	<b>365</b>	10,251	<b>1,795</b>	2,049
Retirement benefits paid	<b>(11)</b>	-	-	-
Income tax paid	<b>(3,564)</b>	(471)	<b>(3,564)</b>	(471)
<b>Net cash flows (used in) / from operating activities</b>	<b>(3,210)</b>	9,780	<b>(1,769)</b>	1,578
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	<b>(5,787)</b>	(3,684)	<b>(2,337)</b>	(1,326)
Purchase of available-for-sale financial assets	<b>(23)</b>	-	<b>(23)</b>	-
Interest received	<b>10</b>	2	<b>8</b>	1
<b>Net cash flows used in investing activities</b>	<b>(5,800)</b>	(3,682)	<b>(2,352)</b>	(1,325)
<b>Cash flows from financing activities</b>				
Proceed from issuance of ordinary shares	<b>2,711</b>	4,586	<b>2,602</b>	4,586
Purchase of treasury shares	-	(190)	-	(190)
Repayment of bank loan	<b>(1,500)</b>	(1,500)	<b>(750)</b>	(1,000)
Net proceeds from finance lease liabilities	<b>9,545</b>	-	<b>9,545</b>	-
Net proceeds from / (repayment of) bills payable to banks	<b>225</b>	(7,850)	<b>5,147</b>	12,610
Dividend paid on ordinary shares	-	(8,886)	-	(8,886)
Interest paid	<b>(491)</b>	(638)	<b>(222)</b>	(279)
<b>Net cash flows from / (used in) financing activities</b>	<b>10,490</b>	(14,478)	<b>16,322</b>	6,841
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,480</b>	(8,380)	<b>12,201</b>	7,094
Cash and cash equivalents at beginning of financial period	<b>18,251</b>	26,118	<b>7,528</b>	10,644
Effects of exchange rate changes on cash and cash equivalents	<b>1</b>	-	<b>3</b>	-
<b>Cash and cash equivalents at end of financial period</b>	<b>19,732</b>	17,738	<b>19,732</b>	17,738

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

**Statement of changes in Equity – Group**

	Attributable to Owners of Parent							Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Share option reserve	Currency translation reserve	Retained earnings			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2012	52,997	-	597	(11)	1,664	(1,206)	63,153	117,194	13	117,207
Profit, net of tax	-	-	-	-	-	-	17,296	17,296	-	17,296
Other comprehensive income for the financial period	-	-	-	16	-	2	-	18	(2)	16
Total comprehensive income for the financial period	-	-	-	16	-	2	17,296	17,314	(2)	17,312
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	218	-	-	218	-	218
Cash dividends on ordinary shares	-	-	-	-	-	-	(8,887)	(8,887)	-	(8,887)
Issuance of ordinary shares (a)	5,655	-	-	-	(1,069)	-	-	4,586	-	4,586
Purchase of treasury shares	-	(190)	-	-	-	-	-	(190)	-	(190)
<b>Balance at 31 March 2013</b>	<b>58,652</b>	<b>(190)</b>	<b>597</b>	<b>5</b>	<b>813</b>	<b>(1,204)</b>	<b>71,562</b>	<b>130,235</b>	<b>11</b>	<b>130,246</b>
Balance at 1 October 2013	59,265	(190)	597	6	1,590	(471)	85,468	146,265	9	146,274
Profit, net of tax	-	-	-	-	-	-	15,114	15,114	(9)	15,105
Other comprehensive income for the financial period	-	-	-	-	-	(32)	-	(32)	(1)	(33)
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32)</b>	<b>15,114</b>	<b>15,082</b>	<b>(10)</b>	<b>15,072</b>
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	806	-	-	806	-	806
Issuance of ordinary shares (a)	3,381	-	-	-	(670)	-	-	2,711	-	2,711
<b>Balance at 31 March 2014</b>	<b>62,646</b>	<b>(190)</b>	<b>597</b>	<b>6</b>	<b>1,726</b>	<b>(503)</b>	<b>100,582</b>	<b>164,864</b>	<b>(1)</b>	<b>164,863</b>

(a) Pursuant to exercise of share options to employees

## Statement of changes in Equity-Company

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Fair value reserve</u>	<u>Share option reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 October 2012	52,997	-	597	(11)	1,664	58,500	113,747
Profit, net of tax	-	-	-	-	-	18,621	18,621
Other comprehensive income for the financial period	-	-	-	16	-	-	16
Total comprehensive income for the financial period	-	-	-	16	-	18,261	18,637
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	218	-	218
Cash dividends on ordinary shares	-	-	-	-	-	(8,887)	(8,887)
Issuance of ordinary shares (a)	5,655	-	-	-	(1,069)	-	4,586
Purchase of treasury shares	-	(190)	-	-	-	-	(190)
<b>Balance at 31 March 2013</b>	<b>58,652</b>	<b>(190)</b>	<b>597</b>	<b>5</b>	<b>813</b>	<b>68,234</b>	<b>128,111</b>
Balance at 1 October 2013	59,265	(190)	597	6	1,590	83,413	144,681
Profit, net of tax	-	-	-	-	-	15,578	15,578
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,578</b>	<b>15,578</b>
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	806	-	806
Issuance of ordinary shares (a)	3,381	-	-	-	(670)	-	2,711
<b>Balance at 31 March 2014</b>	<b>62,646</b>	<b>(190)</b>	<b>597</b>	<b>6</b>	<b>1,726</b>	<b>98,991</b>	<b>163,776</b>

(a) Pursuant to exercise of share options to employees

**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**

**Share options**

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

**Movement of share options during the half year and second quarter ended 31 March 2014**

Outstanding at 30 September 2013 / 1 October 2013	73,585,000
- Exercised between October 2013 to March 2014	<u>(20,250,000)</u>
Outstanding at 31 March 2014	<u>53,335,000</u>

**Proposed Issue of Convertible Bond**

The Company proposes to enter into a convertible bond subscription agreement with investors in relation to the issue of up to S\$10,000,000 in aggregate principal amount of unlisted equity-linked redeemable convertible bonds; details were announced on 23 April 2014 on SGX-ST.

**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**

	<b>31 March 2014</b>	<b>30 September 2013</b>
Total number of issued shares	913,007,064	892,757,064

**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**

	<b>31 March 2014</b>	<b>30 September 2013</b>
Total number of treasury shares	1,200,000	1,200,000



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 year and the most recent audited annual financial statements for the financial year ended 30 September 2013.

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

The Group has adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 1 October 2013.

**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)**

<b>The Group</b>	<b>1<sup>st</sup> Half 2014</b>	1 <sup>st</sup> Half 2013	<b>2<sup>nd</sup> Qtr 2014</b>	2 <sup>nd</sup> Qtr 2013
- Basic	<b>1.692</b>	2.011	<b>0.734</b>	1.072
- Diluted basis	<b>1.690</b>	2.005	<b>0.733</b>	1.068

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

Weighted average number of shares for basic earnings per share computation as of 31 March 2014 and 31 March 2013 were 893,406,193 and 860,222,850 shares respectively.

Weighted average number of shares for diluted earnings per share computation as of 31 March 2014 and 31 March 2013 were 894,464,134 and 862,658,616 shares respectively.

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

**Net asset value per ordinary share (cents)**

	<b>March 2014</b>	September 2013
The Group	<b>18.06</b>	16.38
The Company	<b>17.94</b>	16.21

Net asset value per ordinary share was calculated based on 913,007,064 and 892,757,064 shares as at 31 March 2014 and 30 September 2013 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**

## **GROUP INCOME STATEMENT**

### **SINGAPORE**

#### **Revenue**

Higher volume of steel delivered in 2Q14 compared to the corresponding period in the previous financial year (2Q13) lifted overall sales volume in 1H14 to approximately the same level as that of the corresponding period in the previous financial year (1H13). However, revenue for 1H14 and 1Q14 decreased approximately 7% (from S\$213.4 million to S\$197.9 million) and 4% (from S\$101.8 million to S\$98.1 million) compared to 1H13 and 1Q13 due to lower unit selling prices.

#### **Gross profit and gross profit margin**

Increasingly intensive competition arising mainly from a continued influx of new entrants and new production capacities into the local reinforcing industry put profits and margins under downward pressure in 1H14 and 2Q14.

1H14 gross profit decreased by 10% year-on-year from S\$33.1 million to S\$29.7 million; similarly, gross profit margin decreased from 15.5% to 15.0%.

2Q14 gross profit decreased by 22% quarter-on-quarter from S\$17.9 million to S\$14.1 million; gross profit margin also decreased from 17.6% to 14.3%.

#### **Administrative expenses and distribution costs**

The increase in administrative expenses in 1H14 was mainly attributable to an increase in share option expense of \$806,000 (1H13: \$218,000).

#### **Finance costs**

Finance costs decreased due to lower level bank borrowings required to finance trade bills.

#### **Other operating expenses**

The increase in other operating expenses in 1H14 as compared to 1H13 was mainly due to higher allowance for doubtful debts of S\$893,000 (1H13: \$214,000).

During 2Q14, foreign exchange loss of S\$914,000 (2Q13:\$236,000) arising from fair value changes on currency forward contracts was offset by realised foreign exchange gain of \$824,000 (2Q13:\$655,000) taken up as other income (see note (a) on page 2).

## CHINA

The Group's joint venture in China has shown a positive figure as compared to a loss in the corresponding period in the previous financial year. This is mainly due to an absence of bad debts provision in 1H14 (1H13: S\$1.5 million).

## **GROUP BALANCE SHEET & CASH FLOW**

As at 31 March 2014, the Group's balance sheet remained strong with net assets of S\$164.9 million and net asset value per ordinary share of Singapore 18.06 cents.

Cash and cash equivalents increased by S\$1.5 million in 1H14 as net cash flows of S\$10.5 million generated from financing activities were offset by cash flows of S\$5.8 million and S\$3.2 million used in investing and operating activities respectively. Net cash flows generated from financing activities were mainly from proceeds from issuance of shares pursuant to the exercise of options granted under the BRC Share Option Scheme 2011 of S\$2.7 million as well as net proceeds from loans and borrowings of S\$8.3 million whereas the net cash flows used in investing activities were mainly for purchases of plant and equipment.

### **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 1H14 and 2Q14 were in line with the commentary in paragraph 10 of the previous Results Announcement.

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

SINGAPORE

The Monetary Authority of Singapore (MAS), in its half-yearly economic review released on 1 April 2014, projected that Singapore's GDP will expand by 2-4% this year against the backdrop of a brightened outlook for the global economy which is anchored on improving prospects in the G3 as a whole. The MAS noted that *“Domestic-oriented activities are expected to stay resilient, supported by construction of transportation, housing and social infrastructure.”* It added, *“The construction sector, in particular, should expand further, buoyed by a strong pipeline of residential and non-residential projects.”*<sup>1</sup>

Table 1 below, which breaks down the supply of private property projects in the pipeline as at the end of the first quarter of 2014 by the Urban Redevelopment Authority (URA), indicates that private sector building activity will hold firm going forward.

Table 1<sup>2</sup>

	Number of Units						
<b>Private Residential Units</b>	<b>Total</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>&gt;2018</b>
Total	80,261	13,024	21,738	26,252	12,809	5,311	1,127
Under Construction	67,507	13,024	21,414	23,351	7,811	1,478	429
Planned	12,754	-	324	2,901	4,998	3,833	698
Written Permission	10,507	-	324	2,183	4,399	2,903	698
Provisional Permission	2,247	-	-	718	599	930	-

	'000 sq m gross						
<b>Office Space</b>	<b>Total</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>&gt;2018</b>
Total	998	281	53	461	124	79	-
Under Construction	849	281	48	454	66	-	-
Planned	149	-	5	7	58	79	-
Written Permission	119	-	5	3	58	53	-
Provisional Permission	30	-	-	4	-	26	-

	'000 sq m gross						
<b>Retail Space</b>	<b>Total</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>&gt;2018</b>
Total	928	256	216	138	140	178	-
Under Construction	634	256	207	101	55	15	-
Planned	294	-	9	37	85	163	-
Written Permission	152	-	8	16	63	65	-
Provisional Permission	142	-	1	21	22	98	-

	Number of Rooms						
<b>Hotel Rooms</b>	<b>Total</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>&gt;2018</b>
Total	12,673	2,510	3,429	2,934	3,098	702	-
Under Construction	8,689	2,510	2,961	2,364	854	-	-
Planned	3,984	-	468	570	2,244	702	-
Written Permission	2,535	-	468	478	1,152	437	-
Provisional Permission	1,449	-	-	92	1,092	265	-

<sup>1</sup> [http://www.mas.gov.sg/~media/resource/publications/macro\\_review/2013/MRApr13%20%20Combined.pdf](http://www.mas.gov.sg/~media/resource/publications/macro_review/2013/MRApr13%20%20Combined.pdf)

<sup>2</sup> <http://www.ura.gov.sg/uol/media-room/news/2014/apr/pr14-29.aspx>

On public housing, the Housing & Development Board (“HDB”) had on 24 January 2014 announced that 24,300 Build-to-Order (“BTO”) flats will be launched in 2014.<sup>3</sup> This is slightly less than with the average of 25,808 BTO flats launched each year over the last 3 years<sup>4</sup>, and more BTO flats launched in 2014 will be of smaller unit sizes, as the HDB “*start transiting from the ramped-up building programme to a more sustainable phase*”<sup>5</sup> Nevertheless, this is still a relatively robust number compared to only 13,500 units launched in 2009<sup>6</sup> before supply was ramped up.

Local demand for reinforcing steel will hence remain firm for the remainder of 2014.

That said, in the said economic review, MAS also pointed out that “*Despite the expected improvement in external conditions this year...the higher wage costs arising from the tightening of foreign labour inflows will further weigh on firms’ profits...Even firms that catered to strong domestic construction demand were unable to command higher product prices over the last three years due to keen competition.*” Furthermore, in the local reinforcing industry, the influx of new players coupled with the expansion of production capacity by the existing players over the last two years have lead to a steady erosion of profit margins amid fierce and relentless competition.

In spite of the gathering headwinds, we firmly believe that BRC’s increasingly well-known **Total Prefabricated Reinforcing Solutions** stand us apart from the rest to partner with contractors to build **Better • Faster • Cheaper!**

#### CHINA

Business conditions are likely to remain challenging for the Group's Joint Venture (JV) in China.

#### MALAYSIA

The Group’s nascent operation in Johor, Malaysia continue to pick up momentum as we strive to provide a comparable level of service to our customers which have expanded across the border whilst finding our way around in a new local market.

The Group is cautiously confident of business prospects for the remaining two quarters of the current financial year.

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<sup>3</sup> <http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/E3315441A6CC8F4348257C6900332F50?OpenDocument>

<sup>4</sup> In 2011, 2012 and 2013, according to data obtained from HDB’s website, HDB launched 25,200, 27,084 and 25,139 BTO flats respectively.

<sup>5</sup> <http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/F5B5498A531518DA48257C51002D73BA?OpenDocument>

<sup>6</sup> <http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/78746BAD770849794825768C00147042?OpenDocument>

**11. Dividend**

**(a) Current Financial Period Reported On**

Any Dividend declared for the current financial period report on? Yes

<b>Name of Dividend</b>	<b>Interim</b>
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.005 per ordinary share

**b) Corresponding Period of the Immediately Preceding Financial Year**

Any Dividend declared for the corresponding period of the immediately preceding financial year? Yes

<b>Name of Dividend</b>	<b>Interim (paid on 21 June 2013)</b>
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.005 per ordinary share

**(c) Date payable**

To be advised.

**(d) Books closure date**

To be advised.

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

Not applicable.

### 13. 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)*	
	2 <sup>nd</sup> Quarter ended 31 March 2014	2 <sup>nd</sup> Quarter ended 31 March 2013	2 <sup>nd</sup> Quarter ended 31 March 2014	2 <sup>nd</sup> Quarter ended 31 March 2013
Chye Hin Hardware Pte Ltd	Purchases – S\$2,000	Purchases – S\$39,000	-	-
Sin Teck Guan Machinery (Pte) Ltd	Services – S\$187,000	Services – S\$59,000	-	-

\* The above includes all transactions regardless of value

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter and first half ended 31 March 2014 to be false or misleading.

On behalf of the Board of Directors

Lim Siak Meng  
Group Managing Director

Seah Kiin Peng  
Executive Director

Singapore

09 May 2014