BRC Asia Limited

BRC posts S$21.7 million net profit for FY2010

- **FY2010 net profit improves 32% to S$21.7 million**
- **Gross profit increases 34% to S$39.9 million; gross profit margin improves to 15.4%**
- **Proposes total dividend of 1.1 Singapore cents per ordinary share**

Singapore, 25 November 2010 – SGX-Mainboard listed BRC Asia Limited ("BRC" or "The Group"), one of the largest prefabricated steel reinforcement providers in Singapore, reported net profit of S$21.7 million for its financial year ended 30 September 2010 ("FY2010"). FY2010 saw a continued increase in BRC's sales volume. However, due to lower average steel costs and unit selling prices, revenue fell 5% to S$258.4 million. Nevertheless, gross profit was up 34% to S$39.9 million, and gross profit margin improved to 15.4% in FY2010 from 11% in FY2009.

Financial Highlights (S$'000)

	FY2010	FY2009	Change (%)
Revenue	258,351	270,641	(5)
Gross Profit	39,914	29,701	34
Gross Profit Margin (%)	15.4	11	-
Net Profit	21,735	16,461	32
Earnings Per Share (Cents)	3.02	2.46	23

Asia (excluding Japan) has emerged quickest from the recent global financial crisis. Singapore, in particular, has rebounded spectacularly, and is poised to have one of the highest growth rates in the world in 2010. Driven by a buoyant domestic economy and awashed with liquidity, Singapore's property market flourished, underpinning the strong demand for construction – and hence for reinforcing steel – during BRC's FY2010.

Notwithstanding the positive economic circumstances, the local reinforcing steel industry remained intensely competitive. Further, international prices of steel – BRC's principal raw material – continued to be volatile. There was unrelenting pressure on margins. Despite this, BRC achieved improved margins and profits for FY2010 while delivering more steel to its customers than in FY2009. BRC's Group Managing Director, Mr Lim Siak Meng, commented, "*We believe that this is a testament to increasing market recognition and appreciation of BRC as a 'Better, Faster, Cheaper' 'Total Reinforcing Solutions' provider!*"

The Group's joint venture (JV) in China continues to operate profitably. However, contribution from this JV declined 29% to S$754,000 in FY2010 as gross margins decreased from intense market competition and finance costs went up due to higher average bank borrowings.

In March 2010, the Group undertook a placement exercise to raise funds for, *inter alia*, the reconstruction of its factory premises in Jurong. To date, the building tender has been called, and construction is expected to commence in the next few months. Once completed, these premises will house inventories which hitherto have been stored in rented facilities.

BRC sincerely appreciates the unwavering support given by shareholders, and proposes a final (one-tier) tax exempt dividend of 0.8 Singapore cents per ordinary share and a special (one-tier) tax exempt dividend of 0.3 Singapore cents per ordinary share for FY2010.

Going forward

According to latest figures published by the Ministry of Trade and Industry (MTI), Singapore's growth rate is forecasted to slow dramatically from around 15 percent in 2010 to around 4 to 6 percent in 2011.[1] Nevertheless, the outlook for construction demand – and hence for reinforcing steel – remains positive. In a news release on 22 October 2010, the Housing & Development Board (HDB) said that 22,000 new flats were planned for 2011. In 2009 and 2010, total new flat

[1] Source: http://app.mti.gov.sg/data/article/23503/doc/PR_3Q2010_ESS.pdf

supply was only about 13,500 and 17,700 respectively. [2] [3] And while sentiment in the private housing segment seemed to have been somewhat dampened by the recent property cooling measures announced by the government on 30 August 2010, recent data from the Urban Redevelopment Authority (URA) indicates that the private residential, commercial and industrial supply pipelines going into fourth quarter 2010 and beyond remain healthy.[4] [5]

The demand outlook for reinforcing steel may be positive going into 2011, but it is unlikely that the competitive environment of this industry will become any less intense or for there to be stability in international steel prices. In addition, if the still fragile recovery of the advanced economies fail to gather steam, or worse, if they were to succumb to recessionary pressures, it will likely dampen the positive growth forecasts of Asian economies including Singapore. Mr Lim said, "*In our very competitive industry, we cannot afford to take for granted the results that we have achieved in 2010. In order to stay competitive, our focus on improving our productivity, value engineering and customer service must be unceasing.*"

Barring unforeseen circumstances, BRC is cautiously optimistic on business prospects for the financial year 2011.

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About BRC Asia Limited

BRC Asia Limited is one of the largest reinforcing steel fabricators 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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[2] Source: http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/57BA18ADD332AFD0482577C40010306F?OpenDocument
[3] Source: http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/5AFE23A1479CCDC3482576580016D811?OpenDocument
[4] Source: http://www.ura.gov.sg/real_estate/pipeline_supply
[5] Source: http://www.ura.gov.sg/pr/graphics/2010/pr10-123e1.pdf