

Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the Period Ended 30 June 2015

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 9 months and third quarter ended 30 June 2015

	9 Months	9 Months		3rd Quarter	3 rd Quarter	
	2015	2014	+ / (-)	2015	2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	301,606	296,363	2	91,729	98,468	(7)
Cost of sales	(272,360)	(252,899)	8	(82,048)	(84,724)	(3)
Gross profit	29,246	43,464	(33)	9,681	13,744	(30)
Other income [note (a)]	2,076	642	n.m.	(740)	14	n.m.
Expenses						
- Distribution expenses	(4,319)	(3,847)	12	(1,633)	(1,239)	32
- Administrative expenses	(7,116)	(10,171)	(30)	(2,068)	(2,944)	(30)
- Finance costs	(1,103)	(790)	40	(394)	(299)	32
- Other operating expenses	(2,636)	(3,352)	(21)	(2,217)	(1,515)	46
Share of results of joint venture	(352)	153	n.m.	210	42	n.m.
Profit before tax [note (b)]	15,796	26,099	(39)	2,839	7,803	(64)
Income tax expense	(2,963)	(4,504)	(34)	(474)	(1,313)	(64)
Profit net of tax	12,833	21,595	(41)	2,365	6,490	(64)
Other comprehensive income:						
- Fair value losses on available-for-sale financial assets	(26)	-	n.m.	-	-	n.m.
- Net loss on net investment in foreign operation	(1,371)	-	n.m.	(524)	-	n.m.
- Foreign currency translation	219	(30)	n.m.	155	(3)	n.m.
Other comprehensive income for the financial period, net of tax	(1,178)	(30)	n.m.	(369)	(3)	n.m.
Total comprehensive income for the financial period	11,655	21,565	(46)	1,996	6,487	(69)
Profit net of tax attributable to:						
Owners of the parent	12,907	21,604	(40)	2,440	6,490	(63)
Non-controlling interests	(74)	(9)	n.m.	(75)	-	n.m.
	12,833	21,595	(41)	2,365	6,490	(64)
Total comprehensive income attributable to:						
Owners of the parent	11,727	21,576	(46)	2,066	6,488	(68)
Non-controlling interests	(72)	(11)	n.m.	(70)	(1)	n.m.
	11,655	21,565	(46)	1,996	6,487	(69)

n.m. denotes not meaningful

	9 Months	9 Months		3rd Quarter	3 rd Quarter	
	2015	2014	+ / (-)	2015	2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Note (a) - Other income						
Interest Income	35	12	n.m.	18	2	n.m.
Sundry Income	23	16	44	4	4	n.m.
Dividend income from available-for-sale financial assets	2	8	(75)	2	8	(75)
Government grant	206	209	(1)	(5)	-	n.m.
Foreign exchange gain/(loss), net [2]	1,810	397	n.m.	(759)	-	n.m.
Total	<u>2,076</u>	<u>642</u>	n.m.	<u>(740)</u>	<u>14</u>	n.m.

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

Interest expense [1]	1,103	790	40	394	299	32
Depreciation of property, plant and equipment	4,504	3,544	27	1,542	1,559	1
Operating lease expense	3,737	3,711	1	1,416	1,184	20
(Reversal) / provision for onerous contracts [5]	(118)	200	n.m.	(175)	200	n.m.
Loss on fair value changes on derivatives [3]	64	356	n.m.	1,339	174	n.m.
Foreign exchange loss, net [2]	-	-	n.m.	-	406	n.m.
Allowance / (reversal) for impairment of receivables	270	1,329	(80)	(73)	436	n.m.
Bad debts written off	-	12	n.m.	-	-	n.m.
Share options expense [4]	61	836	(93)	-	30	n.m.
Reversal of allowance for inventory obsolescence	(2,250)	-	n.m.	(760)	-	n.m.
Loss on de-registration of a subsidiary	369	-	n.m.	369	-	n.m.

Comments on Group Profit and Loss

[1] The increase in interest expense during the 9 months and quarter was mainly due to accrual of interest on convertible bonds.

[2] 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.

[3] 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 FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in the statement of comprehensive income.

[4] 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 vesting periods for all shares options granted to employees have expired since the end of the previous quarter and hence no share option expense was recorded thereafter.

[5] 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 released when these 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 2015 \$'000	September 2014 \$'000	June 2015 \$'000	September 2014 \$'000
Current assets				
Trade and other receivables	81,682	76,517	76,017	72,654
Amount due from subsidiaries	-	-	14,841	21,383
Inventories	82,190	100,450	75,636	92,250
Prepayments	1,497	3,266	1,496	3,190
Deposits	504	712	482	653
Derivative financial instruments	-	899	-	899
Cash and cash equivalents	16,163	22,606	13,370	18,479
	182,036	204,450	181,842	209,508
Non-current assets				
Property, plant and equipment	72,712	67,334	61,918	55,474
Investment in subsidiaries	-	-	11,505	7,385
Investment in joint venture	10,469	10,154	6,076	6,076
Long term loan to investee company	2,021	-	2,021	-
Available-for-sale financial assets	2,000	2,026	2,000	2,026
	87,202	79,514	83,520	70,961
Total assets	269,238	283,964	265,362	280,469
Current liabilities				
Trade and other payables	31,243	37,186	31,032	39,688
Advances received / prepayments	3,332	2,341	3,332	2,341
Loan and borrowings	43,217	51,383	38,043	45,881
Derivative financial instruments	64	-	64	-
Current income tax liabilities	3,116	3,259	3,116	3,259
	80,972	94,169	75,587	91,169
Non-current liabilities				
Provision for retirement benefits	504	518	504	518
Loan and borrowings	14,159	15,911	14,159	15,911
Deferred income tax liabilities	6,582	6,582	6,582	6,582
	21,245	23,011	21,245	23,011
Total liabilities	102,217	117,180	96,832	114,180
Net assets	167,021	166,784	168,530	166,289
Share capital and reserves				
Share capital	68,011	67,931	68,011	67,931
Treasury shares	(190)	(190)	(190)	(190)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(32)	(6)	(32)	(6)
Share option reserve	974	932	974	932
Foreign currency translation reserve	(930)	(439)	-	-
Retained earnings	98,666	97,962	99,170	97,025
Equity attributable to owners of parent	167,096	166,787	168,530	166,289
Non-controlling interests	(75)	(3)	-	-
Total equity	167,021	166,784	168,530	166,289

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

Amount repayable in one year or less, or on demand

	June 2015		September 2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Term loan	-	-	4,250	-
Bills payable	-	40,373	-	44,653
Finance lease liabilities	2,480	-	2,480	-
	2,480	40,737	6,730	44,653

Amount repayable after one year

	June 2015		September 2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	4,159	-	5,911	-
Convertible bonds	-	10,000	-	10,000
	4,159	10,000	5,911	10,000

Details of any collateral

Finance lease liabilities of S\$6.6 million (2014: S\$8.4 million) are secured by certain plant and equipment. The carrying amount of plant and equipment held under finance leases is S\$8.9 million (2014: S\$9.4 million) 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

	9 Months 2015 \$'000	9 Months 2014 \$'000	3rd Quarter 2015 \$'000	3 rd Quarter 2014 \$'000
Cash flows from operating activities				
Profit before tax	15,796	26,099	2,839	7,803
Adjustments for :				
Share of results of joint venture	352	(153)	(210)	(42)
Depreciation of property, plant and equipment	4,504	3,544	1,542	1,559
Write-off of property, plant and equipment	1	-	1	-
Reversal of allowance for inventory obsolescence	(2,250)	-	(760)	-
Allowance / (reversal) for impairment of receivables	270	1,329	(73)	436
Bad debts written off	-	12	-	-
Fair value changes on derivatives, net	64	356	1,339	174
(Reversal)/Provision for onerous contracts	(118)	200	(175)	200
Unrealised exchange differences	(1,165)	15	(407)	48
Share options expense	61	836	-	30
Interest expense	1,103	790	394	299
Interest income	(35)	(12)	(18)	(2)
Dividend income	(2)	(8)	(2)	(8)
Operating cash flow before working capital changes	18,581	33,008	4,470	10,497
Change in operating assets and liabilities				
Trade and other receivables	(5,436)	(6,697)	7,347	2,332
Inventories	20,510	(4,516)	4,266	(3,535)
Other current assets	1,977	(2,782)	160	(885)
Trade and other payables	(3,936)	(3,104)	8,055	7,136
Cash flows from operations	31,696	15,909	24,298	15,545
Income tax paid	(3,106)	(6,940)	-	(3,376)
Retirement benefits paid	(14)	(11)	(14)	-
Net cash flows from operating activities	28,576	8,958	24,284	12,169
Cash flows from investing activities				
Purchases of property, plant and equipment	(9,882)	(8,058)	(1,568)	(2,272)
Purchase of available-for-sale financial assets	-	(23)	-	-
Interest received	35	12	18	2
Dividend received	2	8	2	8
Long term loan to investee company	(2,021)	-	(2,021)	-
Dividend received from joint venture	-	50	-	50
Net cash flows used in investing activities	(11,866)	(8,011)	(3,569)	(2,212)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	61	7,143	-	4,431
Proceeds from issuance of convertible bonds	-	10,000	-	10,000
Repayment of bank loan	(4,250)	-	(2,750)	-
Repayment of finance lease liabilities	(1,751)	-	(589)	-
Net repayment of bills payable to banks	(3,916)	(12,689)	(19,605)	(20,959)
Dividends paid	(12,203)	(11,257)	(4,693)	(11,257)
Interest paid	(1,103)	(790)	(394)	(299)
Net cash flows used in financing activities	(23,162)	(7,593)	(28,031)	(18,084)
Net decrease in cash and cash equivalents	(6,452)	(6,646)	(7,316)	(8,127)
Cash and cash equivalents at beginning of financial period	22,606	18,251	23,445	19,732
Effects of exchange rate changes on cash and cash equivalents	9	(45)	34	(45)
Cash and cash equivalents at end of financial period	16,163	11,560	16,163	11,560

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 2013	59,265	(190)	597	6	1,590	(471)	85,468	146,265	9	146,274
Profit, net of tax	-	-	-	-	-	-	21,604	21,604	(9)	21,595
Other comprehensive income for the financial period	-	-	-	-	-	(28)	-	(28)	(2)	(30)
Total comprehensive income for the financial period	-	-	-	-	-	(28)	21,604	21,576	(11)	21,565
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	836	-	-	836	-	836
Cash dividends on ordinary shares	-	-	-	-	-	-	(11,257)	(11,257)	-	(11,257)
Issuance of ordinary shares (a)	8,666	-	-	-	(1,524)	-	-	7,142	-	7,142
Total contributions by and distribution to owners	8,666	-	-	-	(688)	-	(11,257)	(3,279)	-	(3,279)
Balance at 30 June 2014	67,931	(190)	597	6	902	(499)	95,815	164,562	(2)	164,560
Balance at 1 October 2014	67,931	(190)	597	(6)	932	(439)	97,962	166,787	(3)	166,784
Profit, net of tax	-	-	-	-	-	-	12,907	12,907	(74)	12,833
Other comprehensive income for the financial period	-	-	-	(26)	-	(1,154)	-	(1,180)	2	(1,178)
Total comprehensive income for the financial period	-	-	-	(26)	-	(1,154)	12,907	11,727	(72)	11,655
Grant of equity-settled share options scheme 2011 to employees	-	-	-	-	61	-	-	61	-	61
Cash dividends on ordinary shares	-	-	-	-	-	-	(12,203)	(12,203)	-	(12,203)
Issuance of ordinary shares (a)	80	-	-	-	(19)	-	-	61	-	61
Total contributions by and distribution to owners	80	-	-	-	42	-	(12,203)	(12,081)	-	(12,081)
Reclassification of currency translation reserve to profit or loss upon deregistration of a subsidiary	-	-	-	-	-	663	-	663	-	663
Total changes in ownership interest in subsidiary	-	-	-	-	-	663	-	663	-	663
Total transactions with owners in their capacity as owners	80	-	-	-	42	663	(12,203)	(11,418)	-	(11,428)
Balance at 30 June 2015	68,011	(190)	597	(32)	974	(930)	98,666	167,096	(75)	167,021

(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	\$'000
Balance at 1 October 2013	59,265	(190)	597	6	1,590	83,413	144,681
Profit, net of tax	-	-	-	-	-	21,987	21,987
Total comprehensive income for the financial period	-	-	-	-	-	21,987	21,987
Grant of equity-settled share options to employees	-	-	-	-	836	-	836
Cash dividends on ordinary shares	-	-	-	-	-	(11,257)	(11,257)
Issuance of ordinary shares (a)	8,666	-	-	-	(1,524)	-	7,142
Total contributions by and distribution to owners	8,666	-	-	-	(688)	(11,257)	(3,279)
Balance at 30 June 2014	67,931	(190)	597	6	902	94,143	163,389
Balance at 1 October 2014	67,931	(190)	597	(6)	932	97,025	166,289
Profit, net of tax	-	-	-	-	-	14,348	14,348
Other comprehensive income for the financial period	-	-	-	(26)	-	-	(26)
Total comprehensive income for the financial period	-	-	-	(26)	-	14,348	14,322
Grant of equity-settled share options scheme to employees	-	-	-	-	61	-	61
Cash dividends on ordinary shares	-	-	-	-	-	(12,203)	(12,203)
Issuance of ordinary shares (a)	80	-	-	-	(19)	-	61
Total contributions by and distribution to owners	80	-	-	-	42	(12,203)	(12,081)
Balance at 30 June 2015	68,011	(190)	597	(32)	974	99,170	168,530

(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

Number of issued shares (excluding treasury shares)

As at 1 October 2014	938,089,064
Issuance of new ordinary shares from exercise of employee share options	<u>520,000</u>
As at 30 June 2015	<u>938,609,064</u>

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 9 months ended 30 June 2015

Outstanding as at 30 September 2014 / 1 October 2014	28,253,000
- Exercised between October 2014 to June 2015	<u>(520,000)</u>
Outstanding as at 30 June 2015	<u>27,733,000</u>

Convertible Bonds

The Company issued S\$10,000,000 equity-linked redeemable convertible bonds on 16 May 2014.

The convertible bonds outstanding as at 30 June 2015 are as follow:

Principal amount outstanding	Maturity date	Conversion price as at 30 June 2015
<u>Convertible bonds due 2019</u>		
S\$10 million at 5 percent per annum	16 May 2019	S\$0.20

Assuming all convertible bonds are fully converted based on the conversion price, the number of new shares to be issued will be 50,000,000, representing 5.30% of the total number of shares in issue (excluding treasury shares) as at 30 June 2015.

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

	30 June 2015	30 September 2014
Total number of issued shares	938,609,064	938,089,064

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

	30 June 2015	30 September 2014
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 2014.

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 2014.

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)

The Group	9 Months 2015	9 Months 2014	3rd Qtr 2015	3 rd Quarter 2014
- Basic	1.376	2.389	0.260	0.718
- Diluted basis	1.375	2.386	0.259	0.717

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 30 June 2015 and 30 June 2014 were 938,317,009 and 904,160,659 shares respectively.

Weighted average number of shares for diluted earnings per share computation as of 30 June 2015 and 30 June 2014 were 938,592,253 and 905,281,256 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)

	June 2015	September 2014
The Group	17.79	17.78
The Company	17.96	17.73

Net asset value per ordinary share was calculated based on 938,609,064 and 938,089,064 shares as at 30 June 2015 and 30 September 2014 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

Revenue for the first nine months (9M15) of the current financial year increased approximately 2% from S\$296.4 million to S\$301.6 million notwithstanding that there was a decrease of 7% from S\$98.5 million to S\$91.7 million in the third quarter of 2015 (3Q15).

Although higher sales volumes were delivered for 9M15 and 3Q15 compared to 9M14 and 3Q14, revenue generated by increased volume was somewhat offset by lower unit selling prices which fell much faster than steel prices.

Gross profit and gross profit margin

Intensifying competition arising from enlarged production capacities has continued to put profits and margins under downward pressure in 9M15 and 3Q15.

As a result, 9M15 gross profit decreased 33% year-on-year from S\$43.5 million to S\$29.2 million as gross profit margin fell to 9.7% from 14.7% and 3Q15 gross profit decreased by 30% quarter-on-quarter to S\$9.7 million from S\$13.7 million as gross profit margin fell to 10.6% from 14.0%.

Distribution cost and administrative expenses

9M15 distribution costs were higher compared to 9M14 mainly due to increased prompt payment discount. Administrative expenses in 9M15 were lower due to a reduced share option expense of S\$61,000 (9M14: S\$836,000) and decrease in personnel-related costs.

Finance costs

Higher finance costs were attributable to interest expenses related to convertible bonds.

Other operating expenses

Other operating expenses in 3Q15 was higher compared to 3Q14 mainly due to a foreign exchange loss of S\$1,339,000 (3Q14: S\$174,000) arising from fair value changes on currency forward contracts and loss on deregistration of a subsidiary of S\$369,000 (3Q14: nil).

The decrease in other operating expenses in 9M15 was mainly due to lower allowance for doubtful debts of S\$270,000 (9M14: S\$1,329,000) and exchange loss arising from fair value changes on currency forward contracts of S\$64,000 (9M14: S\$356,000), despite the foreign exchange loss recorded in 3Q15. The above decrease is partly offset by loss on deregistration of a subsidiary.

Share of results of joint venture

The Group's share of joint venture ("JV") results in China was a loss of S\$352,000 in 9M15 mainly due to allowance for doubtful debts of S\$751,000 (9M14: nil).

GROUP BALANCE SHEET & CASH FLOW

As at 30 June 2015, the Group's balance sheet remained strong with net assets of S\$167.0 million and net asset value per ordinary share of 17.79 Singapore cents.

The Group's property, plant and equipment increased to S\$72.7 million due to purchase of machinery during the year. Group inventories fell S\$18.3 million from S\$100.5 million as at the end of the last financial year to S\$82.2 million as at the end of the quarter currently reported on because of lower volume as well as unit costs. As at end June 2015, loan and borrowings were lower due to repayment of term loan, while trade and other payables were lower as compared to end of the last financial year because more shipments for imported materials in transit were paid through bank financing.

The Company has increased its investment in BRC Prefab Holdings Sdn. Bhd. ("**BRC PH**"), a wholly-owned subsidiary company in Malaysia, from RM10.0 million to RM30.0 million by way of subscription of 20 million new ordinary shares for RM1.00 each via capitalization of RM20.0 million of amounts due from BRC PH.

Net cash flows of S\$28.6 million generated from operating activities were mainly used for purchases of plant and equipment of S\$9.8 million, dividend payment of S\$12.2 million and repayment of borrowings of S\$9.9 million.

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 9M15 and 3Q15 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

On 24 July 2015, the Urban Redevelopment Authority (URA) released the real estate statistics for 2nd quarter 2015 (2Q15).¹ In the private residential and executive condominium market, the supply in the pipeline dropped by 9.2% (or 7,704 units) from 83,642 units at the end of 1st quarter 2015 (1Q15) to 75,938 units at the end of 2Q15. Supply of hotels in the pipeline also contracted during this period, by 9.9%, from 12,168 rooms to 10,967 rooms. On the other hand, supply in the pipeline for office and retail space during the same period improved by 9.3% and 7.1% to 962,000 square metres (sqm) and 774,000 sqm respectively.

Over in the industrial property segment, the government has been increasing the supply of industrial land to “*promote a stable and sustainable industrial property market*”. As a result, about 1.6 million sqm of industrial space is estimated to come on-stream in the 2nd half of 2015 and, in 2016, another 2.8 million sqm is expected to be completed; this is substantively stronger than the average annual supply of industrial space of 1.5 million sqm in the past 3 years.

In public housing, the Housing & Development Board (HDB) had earlier in the year announced that it planned to launch only 16,900 Build-to-Order (BTO) flats in 2015, a figure which is substantially lower than the average of 24,969 BTO flats launched each year over the last 4 years.² To this end, the HDB had launched 8,039 BTO flats for the 1st half of 2015, or roughly half the amount planned. The HDB also disclosed that in the upcoming September 2015 BTO exercise, it will offer about 4,860 BTO flats in Bidadari and Punggol Northshore.³ This means that it is likely to achieve the planned BTO launch numbers for 2015, and nothing more, by the end of 2015.

Furthermore, in 2 articles that the Minister for National Development Khaw Boon Wan wrote on 29 December 2014 titled “*My Waterway@Punggol closes 2014 on a perfect note*” and on 20 February 2015 titled “*Shifting the balance*”, Minister Khaw pointed out that 2014 marked the turning point of the housing market in Singapore where housing demand and supply had started balancing out after 4 years of hard work ramping up new home construction, and that the pace of construction would be slowing down which included a tapering of HDB’s BTO supply going forward.⁴

Taken together, this should mean that the number of BTO flat launches in the coming year would be tepid.

Compared to the decisively buoyant landscape in the last few years, the current construction (and reinforcing steel) demand picture can only be described as a mixed one.

This is compounded by the intense and heated competition in the crowded reinforcing steel marketplace, where established players with production capacities enlarged over the buoyant years jostle with the various and sundry that had entered this industry during the buoyant years, putting margins under intense pressure.

¹<http://www.ura.gov.sg/uol/media-room/news/2015/jul/pr15-39.aspx>

²In 2011, 2012, 2013 and 2014, according to data obtained from HDB’s website, HDB launched 25,200, 27,084, 25,139 and 22,455 BTO flats respectively.

³<http://www.hdb.gov.sg/fi10/fi10296p.nsf/PressReleases/448C7CC86DE47C7D48257E8C00017D29?OpenDocument>

⁴<https://mndsingapore.wordpress.com/category/public-housing-2/>

CHINA

Operating in difficult and volatile macroeconomic conditions, we do not expect the Group's Joint Venture (JV) in China to make any breakthrough progress in 2015.

MALAYSIA

We expect the business operations of the Group's Malaysia start-up to be stable and steady in 2015.

11. Dividend

(a) Current Financial Period Reported On

Any Dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any Dividend declared for the 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/recommendeded, a statement to that effect

Not applicable.

13. Interested person transactions

The group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual of the Singapore Exchange Securities Trading Limited.

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 third quarter and nine months ended 30 June 2015 to be false or misleading.

On behalf of the Board of Directors

Lim Siak Meng
Group Managing Director

Seah KiinPeng
Executive Director

Singapore
05 August 2015