BRC Prefab

The Art of Reinforcing

WE MAKE

REINFORCING

BETTER • FASTER • CHEAPER

ANNUAL REPORT 2015

WE MAKE
REINFORCING

BETTER
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CHEAPER

Contents

Chairman's Message

Mr. Sia Ling Sing
Non-Executive Chairman
BRC Asia Limited

Dear Shareholders,

In 2015, BRC bettered the record it set in the previous year for volume of steel delivered. In terms of profitability however, 2015 had turned out to be the most challenging of the last few years, as margins plummeted amid a rapidly weakening property and construction environment. Be that as it may, I am pleased to report a relatively reasonable set of results by BRC, with net earnings of S$15.4 million, for its financial year ended 30 September 2015.

Globally, economic growth had not panned out as expected. In late 2014, the International Monetary Fund (IMF) had forecast that global growth for 2015 would be 3.8%. However, in its latest World Economic Outlook (WEO) published in October 2015, the IMF had downgraded the growth figure for 2015 to 3.1%, largely because the continued recovery of the advanced economies had been more than offset by the weaker prospects for some large emerging market economies and oil-exporting countries. Looking forward, the IMF cautioned that, *"In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies."*[1]

Singapore's highly open market economy had not been unaffected. Compared to the gross domestic product (GDP) growth of 2.9% a year ago, and 4.1% the year before that, economic growth for 2015 is expected to come in at only around 2.0% due to the "*sluggish*" and "*challenging*" external environment. [2]

While external factors may have been the ones in the spotlight, it also became increasingly clear in the past year that Singapore's real estate industry had entered a downward cycle. The Real Estate Sentiment Index (RESI), jointly developed by the Real Estate Developers' Association of Singapore (REDAS) and the Department of Real Estate (DRE), National University of Singapore (NUS), which measures the perceptions and expectations

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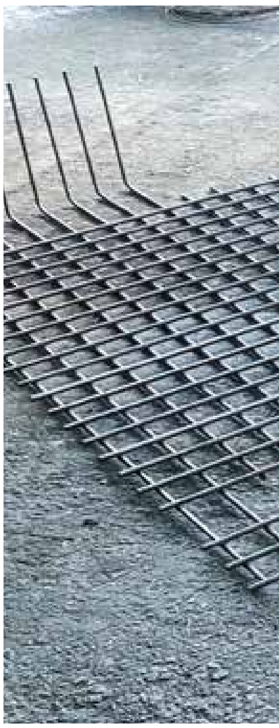
of real estate development and market conditions in Singapore, have stayed weak in the last eight quarters. Commenting on the latest RESI published in the third quarter of 2015, Associate Professor Sing Tien Foo, Deputy Head, DRE, NUS, said, "*The sentiment in the market continues to weaken in 3Q2015. The weak sentiment has spilled over to prime retail and office sectors. More respondents have called for the removal of some of the cooling measures, such as ABSD and SSD to arrest the worsening market condition.*"[3] Furthermore, the Singapore government had indicated that the tapering of the large public housing building programme will continue. In the three years from 2011 to 2014, an average of 24,969 Build-To-Order



1. http://www.imf.org/external/pubs/ft/weo/2015/02/index.htm
2. https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2015/PR_3Q15.pdf
3. http://www.redas.com/assets/files/publication%20and%20newsletter/3Q15%20RESI%20Report%20.pdf
4. http://www.channelnewsasia.com/news/singapore/hdb-may-increase-new-flat/2196802.html

(BTO) flats were launched each year. In 2015, the figure dropped to 15,100, with the new Minister for National Development, Lawrence Wong reported on 16 October 2015 to have confirmed that the Government would be *"continuing to taper the housing programme and…will continue to move in that direction."*[4]

In addition, the buoyant Singapore construction landscape in the last few years had resulted in a bloated construction supply chain, including within the reinforcing steel industry, and it is this bumped up supply which will be competing for a demand that is manifestly shrinking.

These are clear signs that the outlook for local construction, and hence for local reinforcing steel, will get more challenging in the coming year.

In China, after decades of investment- and export-led growth, its economy has slowed, and in 2015 it witnessed unprecedented stock market volatility, currency devaluation, falling imports and exports and widespread concerns about non-performing loans. The sluggish and uncertain Chinese economy is one key reason why international institutions such as the IMF have downgraded the forecast for world economic growth in 2016. In 2015, our share of results from our joint venture in China (JV) was a loss of S$0.4 million after providing an additional allowance for doubtful debts of S$1.0 million. Against the backdrop of highly challenging market conditions, the prospects for the JV remain muted.

Our Malaysia operation is now on an even keel and, in the coming year, we will reach out to the local market whilst consolidating our position amongst our Singapore customers there.

In respect of our last financial year in 2014, BRC paid out a total dividend of 1.30 Singapore cents per ordinary share. During the 2015 financial year, BRC undertook a successful five-into-one ordinary share consolidation exercise. In this context, and considering the company's diminished profitability this year, we will like to propose a final dividend payout of 2.00 Singapore cents per ordinary share. This is on top of the pre-share consolidation interim dividend of 0.50 Singapore cents per ordinary share, which was paid out on 5 June 2015.

> **"We will like to propose a final dividend payout of 2.00 Singapore cents per ordinary share. This is on top of the pre-share consolidation interim dividend of 0.50 Singapore cents per ordinary share, which was paid out on 5 June 2015."**

As Chairman of the Board of Directors of BRC Asia Limited, I will like to take this opportunity to express my utmost appreciation to our shareholders, customers, bankers, business associates, suppliers and vendors for their support of BRC. I will also like to thank management and staff of BRC for their effort and dedication, and my fellow Board members for their counsel and support.

SIA LING SING
Non-Executive Chairman
BRC Asia Limited

主席致词

尊敬的各位股东，

在2015年，BRC在钢筋交易量方面突破了去年所创的纪录。然而，在盈利能力方面，随着利润在迅速弱化的房地产和建筑环境中暴跌，2015年是过去几年中最具挑战性的。即便如此，本人高兴的向各位汇报，BRC在2015年9月30日截止的财政年度内(FY2015)仍然取得相对来说相当合理的成绩，净利润达1540万新元。

从全球来看，经济增长是不如预期的。在2014年年底，国际货币基金组织(IMF)曾预测，2015年全球经济增长将是3.8%。然而，在其最新在2015年10月发布的《世界经济展望》里，IMF将2015年的增长数字降为3.1%，这主要是因为发达经济体的持续复苏已被一些较大的新兴市场经济体和石油出口国的较弱前景所抵消。展望未来，IMF警告说，“在一个商品价格下跌，较低资本流入新兴市场和对它们货币的压力以及金融市场波动增加的环境下，经济前景的下行风险上升了，特别是对新兴市场和发展中经济体。”

新加坡高度开放的市场经济也受到影响。较一年前2.9%的国内生产总值增长相比，或与前年的4.1%对比，2015年的经济增长因“低迷”和“具挑战性”的外部环境，预计只会达到2.0%左右。

尽管是外部因素成为了主要焦点，然而，新加坡的房地产行业在过去的一年中也较为明显地进入了下降周期。由新加坡地产开发商协会与新加坡国立大学地产部合力开发的房地产景气指数，其测量对新加坡房地产发展与市场条件的观念和期望，在过去的八个季度里持续疲弱。在对发布与2015年第三季最新的指数时，该部的副主任 Sing Tien Foo副教授说，“市场情绪在2015年的第三季继续疲弱。疲软的情绪已经蔓延至优质零售及办公物业。更多的受访者呼吁拆除一些降温措施，如额外买家印花税和卖方印花税来制止日益恶化的市场状况”。此外，新加坡政府已经表示，大型公共住屋建设计划的量减还将继续。在2011年至2014年的三年里，一年平均推出了24,969个预购住屋单位。在2015年，这个数字下降到15,100。据报，新上任的国家发展部长黄循财在2015年10月16日证实了政府将“继续锥度式的建屋计划[1]并将继续朝着这个方向发展。”

此外，臃肿的建筑供应链包括钢筋行业在过去几年蓬勃的新加坡建筑行业中已经形成，而也正是这过于充裕的“供应”正在竞逐着明显萎缩的“需求”。

这些明显的迹象代表着建筑以及钢筋业来年的前景将会是更具挑战性的。

在中国，经过了几十年以投资和出口为主导的增长之后，中国经济已经放缓，并于2015年见证了前所未有的股市动荡，货币的贬值，进出口的衰退以及对不良贷款的广泛关注。低迷与不确定的中国经济就是促使国际机构如 IMF对 2016年的全球经济增长预测作出下调的一个关键原因。FY2015，在拨出新元100万的坏账储备之后，我们在中国的合资企业(JV)所贡献的利润份额是负40.4万新元。以此极具挑战性的市场为背景，合资企业的前景是偏淡的。

我们在马来西亚方面的业务已经达到一定的稳定性。在未来的一年里，我们将在那里的新加坡客户中加强巩固我们的地位。同时，我们也将拓展当地市场。

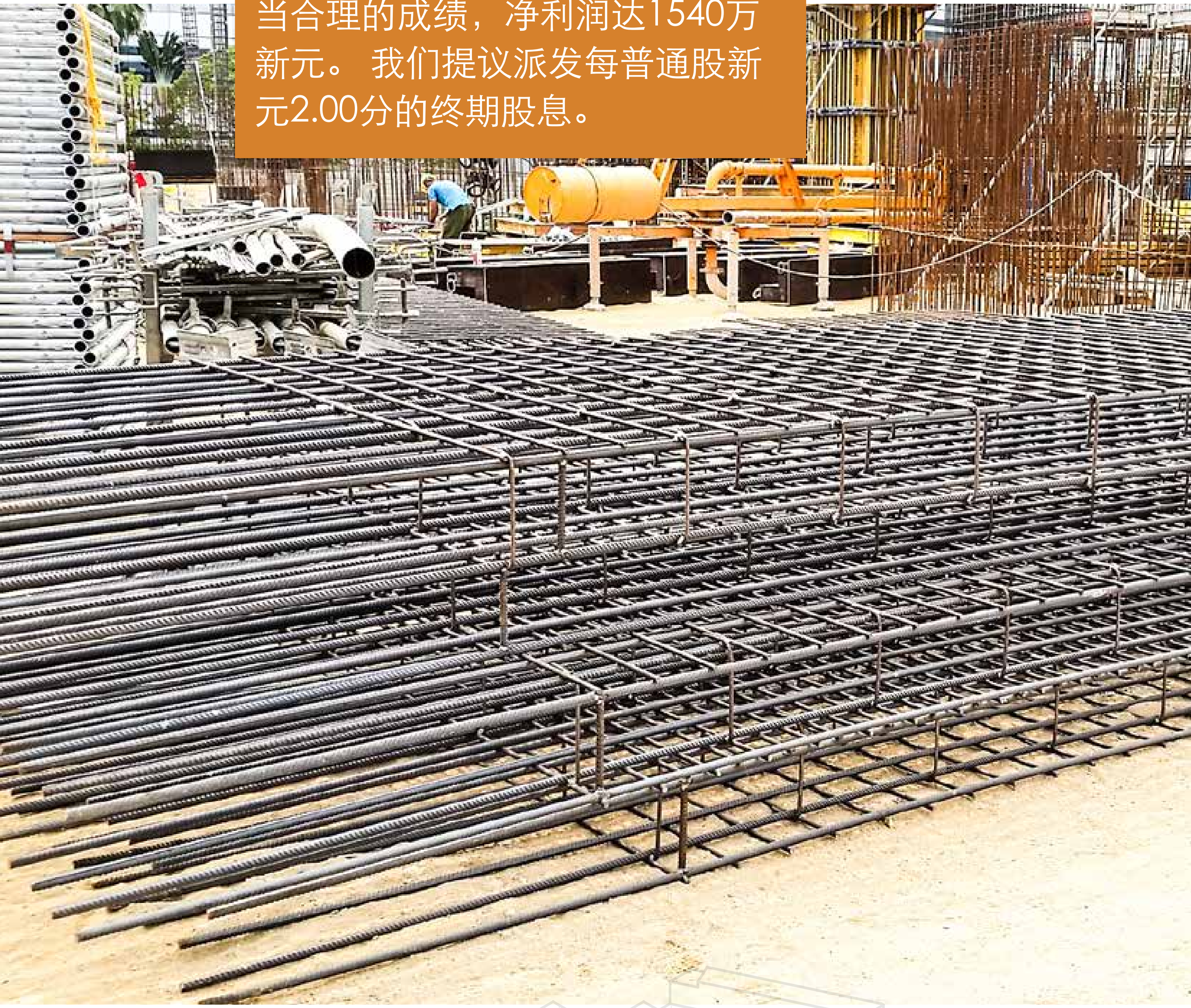
在上一个财政年度里(FY2014)，BRC派发了每普通股新元1.30分的股息。在FY2015里，BRC成功的将每五股普通股合成一股。在此背景下，考虑到公司今年盈利率的减弱，我们提议派发每普通股新元2.00分的终期股息。这是不包括股票合并前2015年6月5日所派发的每普通股新元0.50分的股息。

最后，作为BRC集团的主席，本人谨借此机会感谢我们的股东、客户、银行家、业务伙伴及供应商对BRC的支持。本人还要感谢BRC管理层及全体员工所付出的努力和奉献，感谢董事会董事们的指导和支持，谢谢。

谢连成
非执行主席
BRC Asia Limited

[1] Housing Tapering Programme

BRC 在2015年9月30日截止的财政年度内仍然取得相对来说相当合理的成绩，净利润达1540万新元。 我们提议派发每普通股新元2.00分的终期股息。



Operations & Financial Review

Mr. Lim Siak Meng
Group Managing Director
BRC Asia Limited

Notwithstanding a difficult year, BRC's balance sheet remained healthy with net assets of S$167.9 million as at 30 September 2015.

For our financial year ended 30 September 2015 ("FY2015"), BRC delivered more steel than ever before to our customers despite revenue declining 3.1% year-on-year to S$384.9 million due to falling selling prices and steel cost throughout the year. Profitability, on the other hand, plunged. Compared to the same period a year ago, in FY2015 gross and net profit margins fell alarmingly from 13.7% to 8.3%, and from 7.2% to 4.0%, respectively. The main reason for this was increasingly severe and irrational market competition arising from much greater reinforcing steel supply built up during the recent construction boom chasing after relatively fewer jobs amid a continuing real estate downturn. Consequently, gross and net profits for FY2015 fell more than 40% year-on-year to S$32.0 million and S$15.4 million respectively.

In terms of expenditure, overall expenses for FY2015 fell 19.5% to S$18.4 million from S$22.9 million a year earlier. Although distribution costs increased 5.8% year-on-year to S$5.5 million due to the increase in the uptake of prompt payment discounts by customers, and finance costs were higher by 25.1% year-on-year because of interest expenses relating to trade bills and convertible bonds, this was more than offset by lower personnel costs, share options expense and a smaller provision for doubtful debts.

Notwithstanding a difficult year, BRC's balance sheet remained healthy with net assets of S$167.9 million as at 30 September 2015.

In China, difficult macroeconomic conditions continue to adversely affect the prospects of our 50:50 joint venture (JV). The contribution from the JV to our results was a negative S$0.4 million due to an additional provision for doubtful debts amounting to S$1.0 million.

In Malaysia, our Johor factory started full-fledged operations in December 2014, and I am heartened to report that, for FY2015, it has reached an even keel operationally, achieving significant outreach to Singapore precasters which have expanded and/or relocated to Malaysia. We plan to consolidate this position whilst hastening our expansion into the local market over the next twelve to eighteen months.

Based on the current market environment, the coming years should be highly challenging ones. Having said that, there is cause for hope. BRC is the pioneer in the prefabrication of reinforcement, advocating a **Total Reinforcing Steel Solutions** approach to help contractors build **Better • Faster • Cheaper**,way before anyone else thought it was possible. Today, I am pleased to report that, at least in Singapore, more and more builders have experienced the benefits of cost, time and labour savings through our application of this concept for their projects, and many are increasingly in favour

of it. Our machine modernisation programme, which started about four years ago, is now almost complete. These highly flexible and automated production lines have been one of the key enablers for the implementation of new and innovative solutions which contributed to the increased uptake of prefabricated reinforcement.

I am also pleased to report that the Singapore building authorities have recognised the use of prefabricated reinforcement as one area which will help raise construction productivity, a key ongoing national initiative. For example, the Building and Construction Authority (BCA) had raised the minimum Buildable Design Scores (B-Scores) and Constructability Scores (C-Scores) with effect from 1 December 2015. This will also assist in the promotion of prefabricated reinforcement, as its adoption in projects can be used to accumulate B-Scores.

In BRC, refinement of our Solutions through research and development is a constant preoccupation, and the focus is and will always be on how to help site works using steel reinforcement progress faster with less labour. At the same time, we will continue to tighten our controls to ensure that our operations and processes are as lean and efficient as possible. As I said last year, I strongly believe that BRC, with our relentless drive to innovate and transform the reinforcing trade through **Better • Faster • Cheaper Total Reinforcing Steel Solutions**, is strongly placed to play a meaningful role in the years to come in Singapore's building and construction sector as it grapples with issues of buildability and constructability within the context of the Singapore Government's longstanding but yet still relatively fruitless productivity drive.

"BRC is the pioneer in the prefabrication of reinforcement, advocating a Total Reinforcing Steel Solutions approach to help contractors build Better • Faster • Cheaper. I am pleased to report that... more and more builders have experienced the benefits of cost, time and labour savings through our application of this concept for their projects, and many are increasingly in favour of it."

LIM SIAK MENG
Group Managing Director
BRC Asia Limited

业务及财务回顾

BRC在2015年9月30日截止的财政年度内(FY2015)，虽然营收因销售价格以及钢筋成本价的全年下滑而与去年同期相比下降了3.1%至3.85亿新元，但我们仍然突破了去年的钢铁的交易量，再创新高。另一方面，盈利率则出现了大幅度的萎缩。与去年同期相比，在FY2015里，毛利与净利润率都出现了惊人的滑落，前者从13.7%跌至8.3%，后者则从7.2%降至4.0%。近年的建设热潮促进了钢筋业的产能的大幅度提升。然而，在一个房地产市场持续低迷的大环境下，相对较少的建筑项目则造成了钢筋业产能的过剩，这也就是利润率严重下跌的主要原因。因此，FY2015的毛利润以及净利润比起去年同期分别都下滑超过40%达到3200万新元及1540万新元。

在开支方面，FY2015的总开支从去年同期的2290万新元下降19.5%至1840万新元。一方面是分销成本因准时付款优惠折扣的增加而比去年同期上升了6%达550万新元。另一方面，财务费用也因商业票据及可换股债卷的利息支出而比去年同期上升了25.1%。然而，较低的人事成本，股票期权费用及坏账储备超过抵消了上述的增幅。

尽管是艰苦的一年，BRC的资产负债表仍然继续维持健全，净资产为1.68亿新元。

在中国，因宏观经济的困难状况持续地对我们的中国合资企业(JV)的前景带来不利的影响。我们因此提供了100万新元的额外坏账储备，因而促使JV对我们的盈利贡献为负40.4万新元。

马来西亚业务方面，我们的柔佛工厂在2014年12月开始了全面的运作。令我鼓舞的是，它在FY2015在操作上已达到了平稳的水平，对迁移到柔佛的新加坡预制混泥土厂家的供应也已有显著的增加。在来临的12至18个月，我们计划巩固这个地位，并加速拓展进入当地市场。

基于目前的市场环境下，未来几年应该都是极具挑战性的。尽管如此，我们有理由持乐观态度，相信希望仍然存在。BRC是预制钢筋的先驱者，倡导以钢筋全面解决方案的方式，帮助建筑商施工得**更好•更快•更便宜**。现在，我非常高兴可以向各位汇报，越来越多的建筑商已在它们的新加坡项目上通过这个概念的应用体验到成本与时间和劳工的节约，并日益接受与支持它。我们在4年前所开始的机械现代化计划现在已经基本上完成了。这些具有高度灵活性和自动化的生产线是促使新的创新解决方案能够顺利实施的关键之一，这也对预制钢筋被接受程度的增加有所贡献。

> “BRC是预制钢筋的先驱者，倡导以钢筋全面解决方案的方式，帮助建筑商施工得更好•更快•更便宜。我非常高兴可以向各位汇报，越来越多的建筑商已在它们的新加坡项目上通过这个概念的应用体验到成本与时间和劳工的节约，并日益接受与支持它。”

本人也非常高兴向各位汇报，新加坡的建设主管部门已经认识到可以帮助提高建筑生产力的其中一个领域是通过预制钢筋的使用，而提高建筑生产力也是国家正在实施的一个举措。比如，建设局已经从2015年12月1日把项目中所需要拥有的最低可造性设计分数[1]以及可建性的分数[2]都提高了，而这将对预制钢筋的推广有所帮助，因为在项目中采用它就可以累积可造性设计分数的。

在BRC，我们专注于通过研究与开发来细化我们的解决方案，而重点将永远放在如何通过预制钢筋这方面促使建筑施工的进度能够在节省劳工的情况下前进的更快。与此同时，我们将继续加强内部控制，以确保我们的业务和流程是精准高效的。

正如我去年所说的，在可预见的未来里，新加坡政府将继续坚持至今仍然未有显著成果的国家生产力运动。在这个大环境下，可造性与可建性将是新加坡建筑业强烈关注的问题。因此，我坚信 BRC，以我们**更好•更快•更便宜**的钢筋全面解决方案及对钢筋这行业的革新与转变不懈地努力，将让 BRC较 处于强有力的受益地位。

林锡明
集团董事总经理
BRC Asia Limited

[1] Buidable Design Scores or B-Scores
[2] Constructability Scores or C-Scores

Board of Directors

Mr. Sia Ling Sing

Non-Executive Chairman
Appointed on 3 November 2008

Mr. Sia Ling Sing, the Non-Executive Chairman, was appointed to the Board in 2008.

Mr. Sia is the Managing Director of the Lingco Group of companies, which are involved in shipbuilding and ship chartering. Mr. Sia is a businessman with more than 40 years of experience in the shipping industry.

Mr. Lim Siak Meng

Group Managing Director
Appointed on 2 June 1992

Mr. Lim Siak Meng, the Group Managing Director, has more than 40 years of experience in the construction industry.

Mr. Lim is responsible for the business performance of the Group. Mr. Lim provides leadership and direction for our Group, and oversees the development and implementation of our business plans and strategies.

Mr. Seah Kiin Peng

Executive Director
Appointed on 1 March 2010

Mr. Seah Kiin Peng, the Executive Director, joined the Group in March 2010. Mr. Seah is responsible for assisting the Group Managing Director in strategic development of local and overseas business units and corporate governance matters, as well as spearhead the development of overseas businesses. Mr. Seah is also overall-in-charge of the management information system of the Group.

Prior to joining the Group, Mr. Seah was the General Manager of a group of companies in the shipping business. Mr. Seah started his career with the Singapore Foreign Service after graduating with Bachelor and Masters of Science in Management from the London School of Economics and Political Science.

Board of Directors

Mr. Lau Eng Tiong

Non-Executive Director

Appointed on 1 October 2009

Mr. Lau Eng Tiong, a Non-Executive Director, is the Managing Director of Sin Teck Guan Pte Ltd.

Mr. Lau has more than 25 years of experience in the business of heavy machinery and equipment trading.

Mr. Ooi Seng Soon

Independent Director

Appointed on 23 January 2009

Mr. Ooi Seng Soon, an Independent Director, has more than 25 years of experience in corporate banking.

Mr. Ooi graduated from the University of Singapore with a Bachelor of Arts degree in 1971.

Mr. Foo Sey Liang

Non-Executive Director

Appointed on 31 March 2015

Mr. Foo Sey Liang, a Non-Executive Director, is also an Executive Director of HG Metal Group.

Mr. Foo has over 20 years of experience in the construction business.

Mr. Tan Lee Meng

Independent Director

Appointed on 23 January 2009

Mr. Tan Lee Meng, an Independent Director, started his career in 1994 assisting his family in establishing operations in Malaysia where he set up Winspark Sdn Bhd and Jing Ma Property Sdn Bhd, serving as director overseeing the construction- and property-related businesses. In 1996, he was appointed as a director of Asia Progress International Pte Ltd to participate in the Masterplan for Information Technology in Education to roll out the IT-training for MOE teachers islandwide. In 2000, responding to the dot.com boom, he set up LinksTech Holding Pte Ltd to provide strategic investments in dot.com companies. Since then, he has been providing investment and consultancy services and serves as director overseeing the investments by his companies.

Key Executive Officers

The names, duties / responsibilities and working experience of our Key Executive Officers are set out below:

Mr. Ng Meng Seah

Senior Marketing Manager

Mr. Ng Meng Seah has more than 40 years of experience in the construction industry. Mr. Ng joined the Company in 1972 as a draughtsman / estimator and has progressed through the ranks to the position of Senior Marketing Manager. Mr. Ng oversees the Sales and Marketing department and is responsible for formulating new marketing plans and strategies. Mr. Ng is also responsible for the Engineering Services section in sales-related customer support.

Mr. Tan Lau Ming

Works Manager

Mr. Tan Lau Ming has more than 25 years of experience in production operations which include manufacturing, planning, resource allocation, industrial engineering and process control. Mr. Tan is responsible for all production and operational matters of the Company.

Mr. Tan has a Masters Degree in Engineering Management from the University of Wollongong.

Mr. Lau Wee Min

Corporate Communications Manager

Mr. Lau Wee Min is responsible for brand management, and oversees the creative design of BRC's products and promotional materials. In addition, Mr Lau is responsible for inventory logistics.

Mr. Lau holds a Bachelor's Degree (Honours) in Product Design from Kent University (UK).

Ms. Lee Chun Fun

Group Financial Controller

Ms. Lee Chun Fun began her career in auditing with a public accounting firm and has more than 25 years of experience in finance, treasury and credit control functions. Ms. Lee is responsible for the Group's financial and treasury management.

Ms. Lee has a Masters Degree in Business Administration from the University of Strathclyde and a Bachelor's Degree in Accountancy from the National University of Singapore.

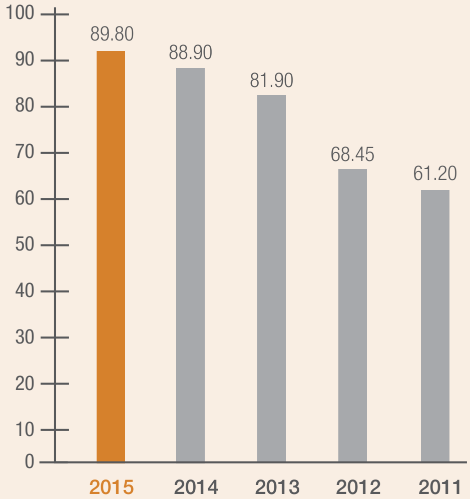
Mr. Ong Lian Teck

Group Business Development Manager

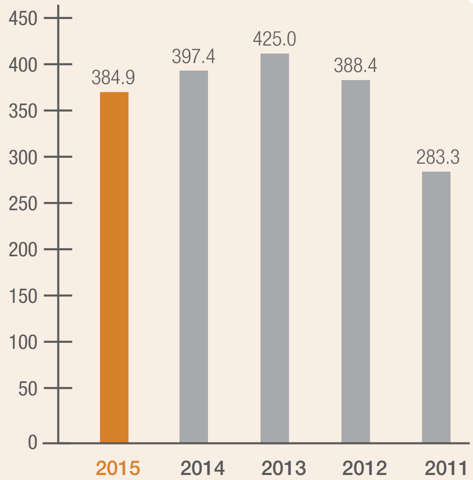
Mr. Ong Lian Teck joined the company in 1999. Mr. Ong is responsible for assisting the Group Managing Director in steel procurement and new product development.

Mr. Ong has a Bachelor's Degree (Honours) in Engineering (Civil) from the Nanyang Technological University.

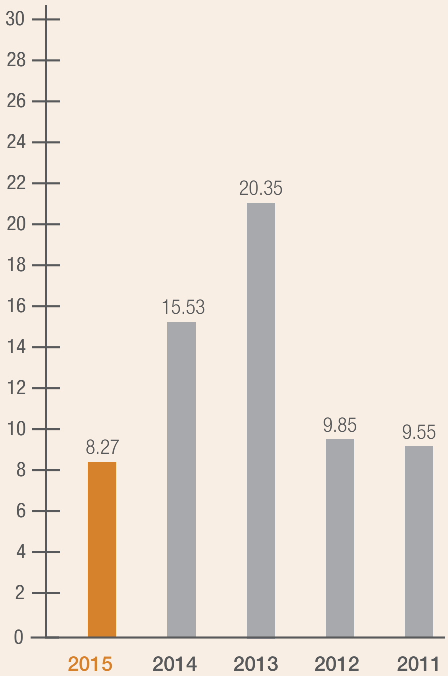
Financial Highlights



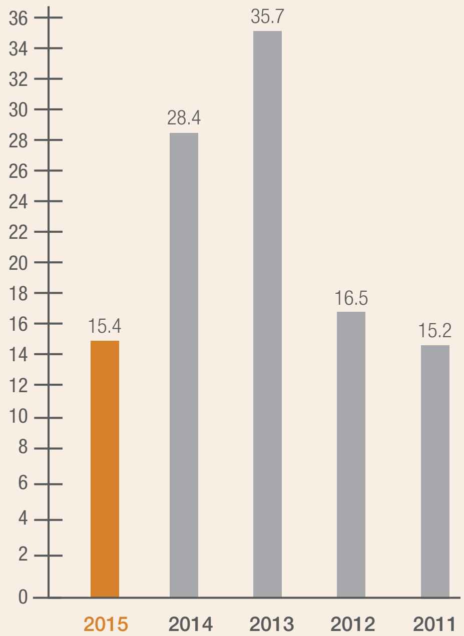
Net tangible assets per share (cents)



Revenue ($ million)



Basic earnings per share (cents)



Profit net of tax ($ million)

Group Financial Results	2015	2014	2013	2012
Revenue ($'000)	384,927	397,365	425,024	388,446
Profit before tax ($'000)	18,486	33,233	43,683	19,588
Profit after tax ($'000)	15,403	28,433	35,664	16,489
Net assets employed ($'000)	167,862	166,784	146,274	117,207

Per Share Data				
Basic earnings per share (cents)	8.27	15.53 (1)	20.35 (1)	9.85 (1)
Net tangible assets per share (cents)	89.80	88.90 (1)	81.90 (1)	68.45 (1)

(1) On 21 August 2015, the Company completed a share consolidation for every five existing issued ordinary shares of the Company into one ordinary shares and earning per shares and net tangible assets per share for the comparative period had been adjusted for the effects of the share consolidation.

Corporate Governance Report

INTRODUCTION

BRC Asia Limited (the "Company") and its subsidiaries (the "Group") are committed to achieving high standards of corporate governance and transparency practices for the protection of shareholders' interests and to enhance shareholder value. The Board and Management believe that good corporate governance is essential to the sustainability of the Group's business and performance.

This report outlines the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "Code"), as prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

THE CODE

The Code is divided into four main sections, namely:

(A) Board matters
(B) Remuneration matters
(C) Accountability and audit
(D) Shareholders rights and responsibilities

As at the date of this report, the Group is generally in compliance with the principles and guidelines as set out in the Code and in areas where the Company deviated from the Code, appropriate explanation has been provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

(A) BOARD MATTERS

Principle 1: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

THE BOARD OF DIRECTORS

The Board of Directors consists of:

Mr. Sia Ling Sing	(Non-Executive Chairman)
Mr. Lim Siak Meng	(Group Managing Director)
Mr. Seah Kiin Peng	(Executive Director)
Mr. Ooi Seng Soon	(Lead Independent Director)
Mr. Tan Lee Meng	(Independent Director)
Mr. Lau Eng Tiong	(Non-Executive Director)
Mr. Foo Sey Liang	(Non-Executive Director) (Appointed on 31 March 2015)

BOARD FUNCTIONS

The functions of the Board are:

- to supervise and approve strategic direction of the Group;
- to deliberate and decide on policies covering corporate governance and business matters;
- to review the business practices and risk management of the Group;
- to review the Management performance of the Group;
- to review and approve Interested Person Transactions;
- to approve matters beyond the authority of the executives;
- to ensure that there are policies and safeguards in the system of internal controls to preserve the integrity of assets and to ensure compliance with legal and regulatory requirements;
- to deliberate on and approve all communications with shareholders;
- to deliberate on and approve recommendations made by the Audit, Nominating and Remuneration Committees; and
- to consider sustainability issues such as environmental and social factors.

Corporate Governance Report

These functions are carried out either directly or through various board committees namely the Audit Committee, Nominating Committee, Remuneration Committee and Committee of Directors.

Decisions on material acquisitions or disposals, share issues, funding proposals and dividends are reserved for the Board. The Company has also specified in its procedure manuals, limits of authority which specifically refer transactions beyond the limit of executives to the Board for approval.

BOARD'S CONDUCT OF AFFAIRS

The Board meets regularly and, when circumstances require, members of the Board exchange views outside the formal environment of Board meetings. Ad hoc matters which required the Board's approval are dealt with through circular resolutions.

The record of attendance of the Directors at the Board and committee meetings for the financial year ended 30 September 2015 is as follows:

Name of Director	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Sia Ling Sing	4	4	–	–	–	–	–	–
Lim Siak Meng	4	4	–	–	1	1	1	1
Seah Kiin Peng	4	4	–	–	–	–	–	–
Ooi Seng Soon	4	4	4	4	1	1	1	1
Tan Lee Meng	4	4	4	4	1	1	1	1
Lau Eng Tiong	4	4	4	4	1	1	1	1
Ching Chiat Kwong[1]	4	1	–	–	–	–	–	–
Foo Sey Liang[2]	4	2	–	–	–	–	–	–

Notes:

1 Mr. Ching Chiat Kwong resigned as a Non-independent Non-Executive Director of the Company on 31 March 2015.

2 Mr. Foo Sey Liang was appointed as a Non-independent Non-Executive Director of the Company on 31 March 2015.

All new and existing Directors are provided with background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry specific knowledge.

Board papers are distributed in advance of the Board meetings to allow the Directors to read and seek clarification. Company Secretaries Ms. Lee Chun Fun and Ms. Low Mei Wan assist the Chairman in the preparation of notices and Board papers. They are also responsible for advising the Board on procedures and Company's practices, while at the same time serving as a conduit in facilitating communication with the SGX-ST. The Directors may take independent professional advice and receive training, particularly in areas such as changes in the financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters so as to update them on matters that may affect or enhance their performance as Board or Board Committee members.

Corporate Governance Report

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

COMPOSITION AND BALANCE

The Board consists of three Non-Executive Directors, two Independent Directors and two Executive Directors. The Board's size and composition are considered appropriate for the Company's needs, with a good mix and diversity of skills and experiences, to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. Balance is further achieved as more than one-third of the Board is independent and non-executive, thereby eliminating the risk of a particular group dominating the decision-making process. None of the Independent Directors has any relationship with the Company, its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. No individual or group of individuals dominates the Board's decision-making.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. The Independent Directors also review the performance of the Management in meeting goals and objectives and monitor the reporting of performance.

The profile of each Board member is provided on pages 9 and 10 of the Annual Report.

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

ROLE OF THE CHAIRMAN AND THE GROUP MANAGING DIRECTOR

Mr. Sia Ling Sing, appointed as Non-Executive Chairman with effect from 9 February 2009, leads the Board and has a clear role that is distinct from that of the Group Managing Director, Mr. Lim Siak Meng.

The Chairman ensures that Board meetings are held on a timely basis to deliberate, decide or approve matters which require the Board's attention. He leads all Board meetings, and will, prior to the meetings, review all Board papers and proposals before they are presented. If necessary, he will invite participation from advisors or management staff to facilitate in-depth discussions.

The Chairman ensures effective communication with shareholders and facilitates effective contributions from the Non-Executive Directors. He is also responsible for promoting and maintaining high standards of corporate governance.

The Group Managing Director is responsible for implementing the Group's strategies and policies as well as the daily management and operations of the Group.

The Audit Committee Chairman, Mr. Ooi Seng Soon has been appointed as the Lead Independent Director of the Company, who is available to shareholders for any of their concerns which cannot be resolved through the normal channel of the Chairman or for which such contact is inappropriate. The Lead Independent Director will meet Independent Directors of the Company without presence of the other Directors, as and when required. Feedback will be given to the Chairman after such meetings.

Corporate Governance Report

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

NOMINATING COMMITTEE

The Nominating Committee consists of:

Mr. Tan Lee Meng	(Chairman)
Mr. Lim Siak Meng	(Member)
Mr. Ooi Seng Soon	(Member)
Mr. Lau Eng Tiong	(Member)

The Nominating Committee was set up in July 2000 for the purpose of ensuring that there is a formal and transparent process for all Board appointments. All the members were Non-Executive Directors except for Mr. Lim Siak Meng, an Executive Director. Furthermore, the Chairman is neither related to, nor a substantial shareholder in the Company.

The principal functions of the Nominating Committee are:

- to identify and evaluate new candidates to the Board, evaluating and nominating Directors for re-nomination upon retirement by rotation;
- to assess the independence of Independent Directors;
- to review the extent of Board representation of all the Directors to ensure that sufficient time is devoted to the affairs of the Company; and
- to evaluate the Board's performance and the contribution of each Board member.

During the year, the Nominating Committee met once, evaluating the Board's performance as well as discussing the re-appointment of Directors who are subject to retirement at the forthcoming annual general meeting. All the committee members participated in the meeting and discussions.

Mr. Foo Sey Liang was appointed as a Non-Independent Non-Executive Director of the Company on 31 March 2015. The process for appointment of Mr. Foo was reviewed by the Nominating Committee before its recommendation to the Board for final approval.

The Nominating Committee has reviewed the independence of Mr. Tan Lee Meng and Mr. Ooi Seng Soon and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, the Nominating Committee has considered the relationships identified by the Code and, additionally, that the Independent Directors are also independent of 10% shareholders of the Company. No individual or small group of individuals dominates the Board's decision making process. As of the date of this report, there is no Independent Director who has been appointed for more than nine years from the date of his first appointment.

Although some of the Board members have multiple board representations, the Nominating Committee is satisfied that the Directors have devoted sufficient time and attention to the Company. As time requirement of each director is subjective, the Nominating Committee has decided not to fix a maximum limit on the number of directorships a director can hold. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates.

The Constitution of the Company states that one-third of the Directors have to retire and subject themselves for re-election by the shareholders at every annual general meeting. In addition, all Directors of the Company shall retire from office at least once every three years.

Mr. Seah Kiin Peng, Mr. Ooi Seng Soon and Mr. Foo Sey Liang are subject to retirement at the forthcoming annual general meeting pursuant to the Constitution of the Company. Accordingly, the Nominating Committee has assessed and recommended and the Board has endorsed the re-election of Mr. Seah Kiin Peng, Mr. Ooi Seng Soon and Mr. Foo Sey Liang, who have offered themselves for re-election, by shareholders at the forthcoming annual general meeting.

Corporate Governance Report

In view of the recent changes to the Companies Act, Chapter 50, Mr Sia Ling Sing, who is over the age of 70 years is no longer subject to the retirement at the forthcoming annual general meeting.

Key information on the Directors as at the date of this Annual Report is set out below:

Name of Director	Appointment	Date of initial appointment /last re-election	Directorships in other listed companies and other principal commitments	
			Current	Past 3 Years
Sia Ling Sing	Non-Executive Chairman	3 November 2008 / 23 January 2015	–	–
Lim Siak Meng	Group Managing Director	2 June 1992 / 23 January 2015	–	–
Seah Kiin Peng	Executive Director	1 March 2010 / 28 January 2013	–	–
Ooi Seng Soon	Lead Independent Director	23 January 2009 / 23 January 2014	–	NH Ceramics Limited (Independent Director)
Tan Lee Meng	Independent Director	23 January 2009 / 23 January 2014	–	Hisaka Holdings Ltd. (Independent Director)
Lau Eng Tiong	Non-Executive Director	1 October 2009 / 23 January 2015	–	–
Foo Sey Liang	Non-Exeuctive Director	31 March 2015	HG Metal Manufacturing Limited (Executive Director)	–

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

For the year under review, the Nominating Committee evaluated the Board's performance as a whole. The performance criteria for the Board evaluation are amongst other criteria, board structure, conduct of meetings, corporate strategy and planning and risk management and internal controls. Although the Directors are not evaluated individually, the factors taken into consideration for the re-nomination of the Directors for the current year are based on the Directors' attendance at meetings held during the year and the contributions made by the Directors at the meetings.

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in discharging its duties, the Board is provided with reports as well as financial statements on a regular basis. Board papers are also distributed in advance of board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed. The Directors are entitled to request from Management and should be provided such additional information as needed to make informed decisions.

The Independent and Non-Executive Directors are always available to provide guidance to the Management on business issues and in areas which they specialise in. The Directors also have direct access to the Management, the Company Secretaries and the Company's professional advisors if they require more information.

Under the direction of the Chairman, the Company Secretaries ensure good information flow within the Board and its Board committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as and when required. The Directors may communicate directly with the Management and the Company Secretaries on all matters whenever they deem necessary, to ensure adherence to the Board procedures and relevant rules and regulations which are applicable to the Company. During the financial year, the Company Secretaries have attended all Board and Board committee meetings.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Corporate Governance Report

B) REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Remuneration Committee consists of:

Mr. Ooi Seng Soon	(Chairman)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)
Mr. Lim Siak Meng	(Member)

The Remuneration Committee is chaired by an independent director and the majority of the members are non-executive directors.

The principal functions of the Remuneration Committee are:

- to advise the Board on the framework of remuneration policies for the Directors and key executive officers;
- to review and recommend to the Board any changes to the existing remuneration system of the Executive Directors and key executive officers;
- to approve specific adjustments or changes to the Executive Directors' and key executive officers' remuneration packages; and
- to recommend the Directors' fees to the Board for its endorsement, supporting its recommendation by reference to prevailing best practices and benchmarks.

In determining the remuneration system for the key executive officers, the Remuneration Committee seeks advice from human resource consultants and senior practitioners in order to obtain comparable information on the market and the industry.

During the year, the Remuneration Committee met once, discussing various remuneration matters and recording its decisions by the way of minutes and circular resolutions. All the Committee members present at the meeting were involved in the deliberations. No director was involved in the fixing of his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The remuneration package of Executive Directors and key executive officers consists of:

Basic salary
Basic salary is determined based on the market value of the job. Merit increments, if any, are added to the basic salary. In line with the Singapore government's recommendations, the Company has designated a portion of the basic salary as a monthly variable component for certain employees, including key executive officers.

Fees
The Non-Executive and Independent Directors are entitled to directors' fees. The level of fees is reviewed for reasonableness, taking into account the size of the Company and the additional duties and responsibilities of the Directors.

Corporate Governance Report

Bonus
The Executive Directors and selected key executive officers are entitled to a bonus which is determined by the Company's performance. The Board, as recommended by the Remuneration Committee, approves any bonuses paid to the Executive Directors and selected key executive officers.

Benefits-in-kind
Customary benefits-in-kind, consistent with market practices, are given to Executive Directors and selected key executive officers.

Employee Share Option Scheme
The Executive Directors and eligible employees are participants to options under the Employee Share Option Scheme ("BRC Share Option Scheme 2011") approved by shareholders on 25 January 2011. The Scheme provides an opportunity for participants who have contributed significantly to the growth and performance of the Company to participate in the equity of the Company, thereby aligning their interests with shareholders.

Information on the BRC Share Option Scheme 2011 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of options are set out on pages 55 to 56 of the Annual Report.

The Committee of Directors which administers the BRC Share Option Scheme 2011 consists of:

Mr. Ooi Seng Soon	(Chairman)
Mr. Lim Siak Meng	(Member)
Mr. Seah Kiin Peng	(Member)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)

Given the competitive environment the Company is operating in, the Company will not disclose details of Directors' remuneration in nearest thousand dollars and in the bands of S$250,000 as well as the upper limit to the band as the Company believes that disclosure may be prejudice to its business interests. The Company believes that disclosing remuneration in percentage terms paid to the Directors provide sufficient overview of the remuneration of Directors.

The remuneration (in percentage term) of the Directors is set out below:

Name of Director	Salary %	Bonus %	Fees %	Benefits-in-kind[1] %	Total %
Above S$750,000 band					
Mr. Lim Siak Meng	28	68	–	4	100
Mr. Seah Kiin Peng	29	67	–	4	100
Below S$250,000 band					
Mr. Lau Eng Tiong	–	–	100	–	100
Mr. Ooi Seng Soon	–	–	100	–	100
Mr. Sia Ling Sing	–	–	100	–	100
Mr. Tan Lee Meng	–	–	100	–	100
Mr. Foo Sey Liang[2]	–	–	100	–	100
Mr. Ching Chiat Kwong[3]	–	–	100	–	100

Notes:
1 Includes transport allowances, contributions to Central Provident Fund, retirement benefits and other benefits-in-kind.
2 Mr. Foo Sey Liang was appointed as a Non-independent Non-Executive Director of the Company on 31 March 2015.
3 Mr. Ching Chiat Kwong resigned as a Non-independent Non-Executive Director of the Company on 31 March 2015.

Corporate Governance Report

Key Executive Officers (Top 5)

Regarding the Code's recommendation to fully disclose the remuneration of at least the top 5 key executive officers who are not Directors or Chief Executive Officer ("CEO"), the Company believes that it is not in the best interest of the Company to disclose the details of the remuneration in bands of S$250,000 and breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned as well as the aggregate total remuneration paid to its top 5 key executive officers given the highly competitive industry conditions for key talents as well as confidential nature of such information.

Remuneration of Employees Related to Directors

There is no employee related to a Director or the CEO whose remuneration exceeds S$50,000 in the Company's employment for the financial year ended 30 September 2015.

For the financial year ended 30 September 2015, there was no termination, retirement or post-employment benefits granted to the Directors, the CEO and key executives.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. The Board is mindful of its obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the Management is accountable to the Board.

The Board members meet to approve the Group's quarterly, half-yearly and full year financial results. All Board papers are given to the Board members prior to any Board meeting to facilitate effective discussion and decision making.

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

AUDIT COMMITTEE

The Audit Committee was formed in July 2000. Members of the Committee are:

Mr. Ooi Seng Soon	(Chairman and Lead Independent Director)
Mr. Tan Lee Meng	(Member)
Mr. Lau Eng Tiong	(Member)

All the members are Non-Executive Directors, of which two — Mr. Ooi Seng Soon and Mr. Tan Lee Meng — being also Independent Directors. There is a good mix of expertise among the members who can handle financial as well as commercial issues relating to the Company's business.

There were four Audit Committee meetings held during the year. In the meetings dealing with the announcement of the Group's results, the following were also present: the Group Managing Director, the Executive Director and the Group Financial Controller.

Corporate Governance Report

Below are the duties and responsibilities of the Audit Committee:

- to review the audit plans of the internal and external auditors of the Company;
- to review and discuss reports and memoranda of examination arising from internal and external audits, in order to ensure that proper internal controls are in place to ensure the integrity of the reported financial numbers, compliance with the relevant standards, and that disclosures are timely, accurate and meaningful;
- to review the quarterly and annual financial results/statements and the auditor's report on the annual financial statements of the Company before their submission to the Board;
- to review effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews and evaluation carried out by the independent internal auditor and the assistance given to them by the Company's Management;
- to review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- to meet with the external independent auditors, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- to allow and encourage unimpeded access to independent internal and external auditors;
- to assess the performance and cost-effectiveness of the internal and external independent auditors, approve their remuneration, and recommend to the Board their re-appointment;
- to review the nature and extent of non-audit services provided by the external independent auditors;
- to report actions and minutes of the Audit Committee to the Board with such recommendations as the Audit Committee considers appropriate; and
- to review interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The Company has put in place a whistle-blowing policy and the Audit Committee has the authority to conduct independent investigations into any complaints. As at to-date, no reports of fraudulent or inappropriate activities or malpractices have been received.

During the year, the Audit Committee has met with the independent auditors without the presence of the Company's Management. The Audit Committee has also reviewed and concluded that non-audit services provided by the external auditors were appropriate. The Audit Committee is satisfied with the independence of the external auditors and has recommended to the Board that they be re-appointed.

The Audit Committee is kept abreast of changes to accounting standards and issues which have a direct impact on financial statements by the external auditors.

In appointing the audit firms for the Group, the Audit Committee is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the Audit Committee is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiary and joint venture.

The amount of fees paid to auditors for audit and non-audit services for the financial year ended 30 September 2015 are set out on page 54 of the Annual Report.

INTERNAL CONTROLS

Management reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets. The Audit Committee ensures that these controls are effective by engaging an external consultant as the internal auditor. The internal auditor works within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group. The external independent auditors will, in the course of the external audit, conduct a review of certain internal control procedures relevant to the preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Corporate Governance Report

The Board has reviewed the adequacy of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group. Based on the reviews conducted, the Board, with the concurrence of the Audit Committee, are of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems are effective and adequate as at 30 September 2015.

The system of internal controls provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board has received assurance from the Group Managing Director and the Group Financial Controller that: (a) the financial records as at 30 September 2015 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective.

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

INTERNAL AUDIT

As the size of the Company cannot support a full-time internal audit team and also for cost reasons, the Management has, with the agreement of the Audit Committee, outsourced its internal audit function to a reputable, independent public accounting firm. PricewaterhouseCoopers LLP has been appointed as the Internal Auditor by the Audit Committee, and it reports directly to the Chairman of the Audit Committee.

The Internal Auditor prepares and executes a risk-based audit plan in order to review the adequacy and effectiveness of the Company's system of internal controls. The Internal Auditor had recommended that a Control Self Assessment ("CSA") programme be developed over key processes. This would provide a structured framework for continuous assessment of risks and controls by employees so as to better manage risks as well as to reinforce risks and controls ownership at line management level. CSA provides senior management as well as the Audit Committee with a tangible in-house assessment of internal controls which would facilitate their governance of risk as well as compliance reporting. Internal audit work done during the financial year include (a) CSA development for Procurement and Payables Management and Revenue and Receivables Management; and (b) CSA validation review of Inventory Management and Revenue and Receivables Management. In addition, the external auditors would highlight any material internal controls weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the Audit Committee. Significant issues are discussed at Audit Committee meetings. The Internal Auditor may be engaged to follow up on recommendations by the internal and external auditors to ensure Management has implemented them in a timely and appropriate manner. The Internal Auditor's primary line of reporting is to the Chairman of the Audit Committee.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Corporate Governance Report

It is the Company's policy to be transparent and open with its shareholders and this is achieved through timely announcements and meaningful disclosures, which are made on a non-selective basis. The Company also attends to shareholders' queries promptly.

The Company also disseminates information to shareholders and the investing public through its website www.brc.com.sg.

The Company encourages shareholders' participation at the Company's annual general meetings. The annual general meeting is the principal forum for dialogue with shareholders. There is an open question and answer session at which shareholders may raise questions or share their views regarding the proposed resolutions and the Company's businesses and affairs. The Board welcomes questions from shareholders who have opportunities to raise issues either informally or formally before or at the annual general meeting.

The Company ensures that sufficient explanations of all resolutions are included in the Notice of the Annual General Meeting. At the Annual General Meeting, the Company makes available the services of the Company's auditors and other advisors to provide answers to queries from any shareholder. In addition, the Chairman of the respective Audit, Nominating and Remuneration Committees will also be present. Senior management is also present to address any queries which shareholders may have.

Attendance by proxies is allowed as stipulated in the Constitution and Companies Act, Chapter 50. The Company's Constitution allow a member of the Company who is not a relevant intermediary to appoint not more than two proxies to attend and vote at general meetings. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings, provided that each proxy is appointed to exercise the rights attached to the shares held by such member. The Board believes that it would not promote greater efficiency or effective decision making nor would it be cost-effective to lift the limit on the number of proxies for a member who is not a relevant intermediary. The Board is not implementing absentia-voting methods by mail, e-mail or fax until issues on security and integrity are satisfactorily resolved. All shareholders have the opportunity to participate effectively in and vote at general meetings. Separate resolutions on each distinct issue are tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved.

At the annual and extraordinary general meetings of the Company held in 2015, the Company has put all resolutions tabled to vote by poll. The votes cast for and against each of the resolutions and the respective percentages were announced in a timely manner via SGXNET.

The proceedings of the annual general meeting are properly recorded, including all comments or queries raised by shareholders relating to the agenda of the meeting and responses from the Board and Management.

CORPORATE SOCIAL RESPONSIBILITY

Apart from creating long term value for its stakeholders and upholding high standards of governance, the Company recognises the importance of environmental sustainability and social responsibility.

The Company has in place proper procedures for recycling and disposal of steel scrap. In addition, the Company has been involved in giving to the less fortunate communities by way of donations.

INTERESTED PERSON TRANSACTIONS

The Company has set out the procedures for review and approval of the Company's 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.

Corporate Governance Report

RISK MANAGEMENT

The Board acknowledges that risks are inherent in business and views the taking of risks as a prelude to generating returns. However, the Board's policy is that risks should be managed in order to reduce the variability of returns.

The primary responsibility for identifying business risks lies with Management, who then tables and recommends processes to the Board for their deliberation and for formulating policies to deal with the risks. The Board also approves the recommended processes for managing risk, which could include optimisation, hedging, reduction of exposure or limiting possible losses through controls.

UTILISATION OF PROCEEDS

There have been no proceeds raised in the financial year under review and no outstanding proceeds from previous fund raising.

DEALING IN THE COMPANY'S SECURITIES

The Group's internal code pursuant to Rule 1207 (19) of the Listing Manual issued by SGX-ST is still in place and there has not been any incidence of non-compliance. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price-sensitive information and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Directors and officers of the Company are advised not to deal in the Company's securities on short-term considerations.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act (Chapter 289) at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

CONTENTS

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Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Sia Ling Sing
Lim Siak Meng
Seah Kiin Peng
Ooi Seng Soon
Tan Lee Meng
Lau Eng Tiong
Foo Sey Liang

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	At beginning of financial year	At end of financial year	At 21 October 2015	At beginning of financial year	At end of financial year	At 21 October 2015
Ordinary shares of the Company						
Lau Eng Tiong[(1)]	–	–	–	78,814,523	15,762,904	15,762,904
Lim Siak Meng	61,972,524	12,394,504	12,394,504	–	–	–
Sia Ling Sing[(2)]	–	–	–	249,904,794	49,980,958	49,980,958
Seah Kiin Peng	17,068,927	3,413,785	3,413,785	–	–	–

Directors' Statement

Directors' interests in shares and debenture (cont'd)

(1) Lau Eng Tiong has a 25% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the shares of the Company held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Act.

(2) Sia Ling Sing has a 30.17% interest in Lingco Marine Pte Ltd and is deemed to have an interest in the shares of the Company held by Lingco Marine Pte Ltd pursuant to Section 7 of the Act. Furthermore, Sia Ling Sing is also deemed to have an interest in the shares of the Company held by Lingco Holdings Pte Ltd pursuant to Section 7 of the Act.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 October 2015.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

BRC Share Option Scheme 2011

The BRC Share Option Scheme 2011 (the "Scheme") for Executive Directors and confirmed employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting on 25 January 2011. No share options were granted in the current and previous financial years.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 30 September 2015 are described in Note 8 to the financial statements.

All options that were granted are valid for a period of five (5) years from the date of grant. The options granted without a discount are exercisable during the period commencing from the first anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options. The options granted at a discount are exercisable during the period commencing from the second anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options.

Once the options are granted, they are exercisable for an option term of five (5) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued shall have no restriction on the eligibility to participate in any other share options or share incentive schemes implemented by the Company or any other company within the Group. The Group and the Company have no obligation to repurchase or settle the options in cash.

The aggregate nominal amount of shares over which options may be granted on any date, when added to the nominal shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

Directors' Statement

Share options (cont'd)

BRC Share Option Scheme 2011 (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors and participants of the Company which have exceeded 5% of the total number of options granted under the Scheme are as follows:

	Aggregate options outstanding at beginning of financial year	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options expired since commencement of plan to end of financial year	Aggregate options outstanding at end of financial year(1)
Name of director						
Lim Siak Meng	15,933,000	–	35,596,000	(19,663,000)	–	3,186,600
Seah Kiin Peng	–	–	25,789,000	(25,789,000)	–	–
Name of participant						
Ng Meng Seah	1,600,000	–	6,585,000	(4,985,000)	–	320,000
Lee Chun Fun	1,500,000	–	6,400,000	(4,900,000)	–	320,000
Lau Wee Min	–	–	6,100,000	(6,100,000)	–	–

(1) During the year, the Company undertook a share consolidation exercise whereby every five existing issued ordinary shares of the Company were consolidated into one ordinary share. The share consolidation was approved by members of the Company at the extraordinary general meeting held on 8 August 2015.

The aggregate options outstanding at the end of the financial year have been adjusted for the effects of the share consolidation.

Since the commencement of the BRC Share Option Scheme 2011 till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant, other than the directors and participants mentioned above, has received 5% or more of the total options available under the Scheme; and
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Audit Committee

The Audit Committee consists of three members, all of whom are non-executive or independent directors. At the end of the financial year and at the date of this report, the Audit Committee comprised the following members:

Ooi Seng Soon (Chairman)
Tan Lee Meng
Lau Eng Tiong

The Audit Committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group's and Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the quarterly announcements and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

Directors' Statement

Audit Committee (cont'd)

- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened four meetings during the financial year with full attendance from all members. The Audit Committee has also met with internal and external auditor, without the presence of the Company's management, at least once a year.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Lim Siak Meng
Director

Seah Kiin Peng
Director

Singapore
18 December 2015

Independent Auditor's Report

For the financial year ended 30 September 2015

Independent auditor's report to the members of BRC Asia Limited

Report on the financial statements

We have audited the accompanying financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 31 to 85, which comprise the balance sheets of the Group and the Company as at 30 September 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
18 December 2015

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**384,927**	397,365
Cost of sales		**(352,929)**	(342,765)
Gross profit		**31,998**	54,600
Other income	5	**5,323**	1,203
Expenses			
Distribution expenses		**(5,520)**	(5,216)
Administrative expenses		**(8,252)**	(12,476)
Finance costs	6	**(1,463)**	(1,169)
Other operating expenses		**(3,196)**	(4,033)
Share of results of joint venture	12	**(404)**	324
Profit before tax	7	**18,486**	33,233
Income tax expense	9	**(3,083)**	(4,800)
Profit net of tax for the year		**15,403**	28,433
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net loss on fair value changes of available-for-sale financial assets		**(74)**	(12)
Net exchange loss on net investment in foreign operation		**(2,314)**	–
Foreign currency translation:			
Exchange differences on translation of foreign operations		**(21)**	30
Reclassification of currency translation reserve to profit or loss upon de-registration of a subsidiary		**663**	–
Other comprehensive income for the year, net of tax		**(1,746)**	18
Total comprehensive income for the year		**13,657**	28,451
Profit for the year attributable to:			
Owners of the Company		**15,461**	28,443
Non-controlling interests		**(58)**	(10)
		15,403	28,433
Total comprehensive income for the year attributable to:			
Owners of the Company		**13,710**	28,463
Non-controlling interests		**(53)**	(12)
		13,657	28,451
Earnings per share (cents per share):			
Basic	10	**8.27**	15.53
Diluted	10	**8.06**	14.77

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheet

As at 30 September 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	11	**71,395**	67,334	**61,743**	55,474
Investment in joint venture	12	**10,555**	10,154	**6,076**	6,076
Investment in subsidiaries	13	**–**	–	**23,507**	7,385
Loan to investee company	16	**2,021**	–	**2,021**	–
Available-for-sale financial assets	14	**1,952**	2,026	**1,952**	2,026
		85,923	79,514	**95,299**	70,961
Current assets					
Inventories	15	**92,391**	100,450	**85,969**	92,250
Trade and other receivables	16	**68,851**	76,517	**67,009**	94,037
Prepayments		**5,499**	3,266	**5,465**	3,190
Derivative financial instruments	28	**699**	899	**699**	899
Deposits		**499**	712	**482**	653
Cash and cash equivalents	17	**13,940**	22,606	**12,000**	18,479
		181,879	204,450	**171,624**	209,508
Total assets		**267,802**	283,964	**266,923**	280,469
Current liabilities					
Trade and other payables	18	**36,778**	36,858	**36,419**	39,360
Provisions	21	**3,137**	328	**3,137**	328
Advances received	19	**2,820**	2,341	**2,820**	2,341
Loans and borrowings	20	**33,244**	51,383	**28,703**	45,881
Current income tax liabilities		**2,460**	3,259	**2,470**	3,259
		78,439	94,169	**73,549**	91,169
Net current assets		**103,440**	110,281	**98,075**	118,339
Non-current liabilities					
Provisions	21	**489**	518	**489**	518
Loan and borrowings	20	**13,664**	15,911	**13,664**	15,911
Deferred tax liabilities	22	**7,348**	6,582	**7,348**	6,582
		21,501	23,011	**21,501**	23,011
Total liabilities		**99,940**	117,180	**95,050**	114,180
Net assets		**167,862**	166,784	**171,873**	166,289
Equity attributable to owners of the Company					
Share capital	23	**68,011**	67,931	**68,011**	67,931
Treasury shares	23	**(689)**	(190)	**(689)**	(190)
Other reserves	24	**(625)**	1,084	**1,491**	1,523
Retained earnings		**101,221**	97,962	**103,060**	97,025
Equity attributable to owners of the Company		**167,918**	166,787	**171,873**	166,289
Non-controlling interests		**(56)**	(3)	**–**	–
Total equity		**167,862**	166,784	**171,873**	166,289
Total equity and liabilities		**267,802**	283,964	**266,923**	280,469

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 September 2015

	Note	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company						
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at 1 October 2013		59,265	(190)	1,722	85,468	146,265	9	146,274
Profit net of tax		–	–	–	28,443	28,443	(10)	28,433
Other comprehensive income for the year		–	–	20	–	20	(2)	18
Total comprehensive income for the year		–	–	20	28,443	28,463	(12)	28,451
Cash dividends on ordinary shares	25	–	–	–	(15,949)	(15,949)	–	(15,949)
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	8,666	–	(1,524)	–	7,142	–	7,142
Grant of equity-settled share option scheme 2011 to employees	24(a)	–	–	866	–	866	–	866
Total contributions by and distributions to owners		8,666	–	(658)	(15,949)	(7,941)	–	(7,941)
Balance at 30 September 2014 and 1 October 2014		**67,931**	**(190)**	**1,084**	**97,962**	**166,787**	**(3)**	**166,784**
Profit net of tax		**–**	**–**	**–**	**15,461**	**15,461**	**(58)**	**15,403**
Other comprehensive income for the year		**–**	**–**	**(1,751)**	**–**	**(1,751)**	**5**	**(1,746)**
Total comprehensive income for the year		**–**	**–**	**(1,751)**	**15,461**	**13,710**	**(53)**	**13,657**
Cash dividends on ordinary shares	25	**–**	**–**	**–**	**(12,202)**	**(12,202)**	**–**	**(12,202)**
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	**80**	**–**	**(19)**	**–**	**61**	**–**	**61**
Purchase of treasury shares		**–**	**(499)**	**–**	**–**	**(499)**	**–**	**(499)**
Grant of equity-settled share option scheme 2011 to employees	24(a)	**–**	**–**	**61**	**–**	**61**	**–**	**61**
Total contributions by and distributions to owners		**80**	**(499)**	**42**	**(12,202)**	**(12,579)**	**–**	**(12,579)**
Balance at 30 September 2015		**68,011**	**(689)**	**(625)**	**101,221**	**167,918**	**(56)**	**167,862**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 September 2015

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Company						
Balance at 1 October 2013		59,265	(190)	2,193	83,413	144,681
Profit net of tax		–	–	–	29,561	29,561
Other comprehensive income for the year						
Item that will be reclassified subsequently to profit or loss:						
- Net loss on fair value changes of available-for-sale financial assets	24(b)	–	–	(12)	–	(12)
Total comprehensive income for the year		–	–	(12)	29,561	29,549
Cash dividends on ordinary shares	25	–	–	–	(15,949)	(15,949)
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	8,666	–	(1,524)	–	7,142
Grant of equity-settled share option scheme 2011 to employees	24(a)	–	–	866	–	866
Total contributions by and distributions to owners		8,666	–	(658)	(15,949)	(7,941)
Balance at 30 September 2014 and 1 October 2014		**67,931**	**(190)**	**1,523**	**97,025**	**166,289**
Profit net of tax		**–**	**–**	**–**	**18,237**	**18,237**
Other comprehensive income for the year						
Item that will be reclassified subsequently to profit or loss:						
- Net loss on fair value changes of available-for-sale financial assets	24(b)	**–**	**–**	**(74)**	**–**	**(74)**
Total comprehensive income for the year		**–**	**–**	**(74)**	**18,237**	**18,163**
Cash dividends on ordinary shares	25	**–**	**–**	**–**	**(12,202)**	**(12,202)**
Issuance of ordinary shares pursuant to exercise of share options granted to employee	23	**80**	**–**	**(19)**	**–**	**61**
Purchase of treasury shares		**–**	**(499)**	**–**	**–**	**(499)**
Grant of equity-settled share option scheme 2011 to employees	24(a)	**–**	**–**	**61**	**–**	**61**
Total contributions by and distributions to owners		**80**	**(499)**	**42**	**(12,202)**	**(12,579)**
Balance at 30 September 2015		**68,011**	**(689)**	**1,491**	**103,060**	**171,873**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 September 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit before tax		**18,486**	33,233
Adjustments for:			
(Reversal of)/Allowance for inventory obsolescence	15	**(920)**	2,420
Depreciation of property, plant and equipment	11	**5,880**	5,060
Share of results of joint venture	12	**404**	(324)
Write-off of property, plant and equipment	7	**16**	29
Gain on disposal of property, plant and equipment	7	**(1)**	–
Allowance for impairment of trade receivables	16	**431**	1,319
Bad debts recovered	16	**(128)**	(86)
Bad debts written off		**–**	11
Provision for onerous contracts	7	**2,809**	328
Provision for retirement benefits	8	**14**	29
Share options expense	8	**61**	866
Interest expense	6	**1,463**	1,169
Interest income	5	**(59)**	(15)
Dividend income	5	**(2)**	(8)
Fair value changes on derivatives	5	**(699)**	(899)
Unrealised exchange differences		**(590)**	(25)
Operating cash flow before working capital changes		**27,165**	43,107
Changes in working capital			
Trade and other receivables		**7,363**	(55)
Inventories		**8,979**	(5,263)
Prepayments and deposits		**(1,121)**	(1,911)
Trade and other payables		**399**	(6,488)
Cash flows from operations		**42,785**	29,390
Income taxes paid		**(3,116)**	(6,936)
Retirement benefits paid	21	**(43)**	(11)
Net cash flows from operating activities		**39,626**	22,443
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment		**1**	–
Purchases of property, plant and equipment	11	**(12,058)**	(11,185)
Purchase of available-for-sale financial assets		**–**	(1,896)
Loan to investee company		**(2,021)**	–
Interest received		**59**	15
Dividends received from investments in joint venture	12	**54**	50
Dividends received from investments in available-for-sale financial assets		**2**	8
Net cash flows used in investing activities		**(13,963)**	(13,008)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 September 2015

	Note	2015 $'000	2014 $'000
Cash flows used in financing activities			
Proceeds from issuance of ordinary shares		**61**	7,142
Proceeds from finance lease	11	**10,241**	9,545
Repayment of finance lease		**(4,048)**	(1,154)
Proceeds from issuance of convertible bonds		**–**	10,000
Repayment of term bank loan		**(4,250)**	(3,000)
Purchase of treasury shares	23	**(499)**	–
Net repayment of bills payable to banks		**(22,329)**	(10,681)
Interest paid		**(1,463)**	(995)
Dividends paid on ordinary shares	25	**(12,202)**	(15,949)
Net cash flows used in financing activities		**(34,489)**	(5,092)
Net (decrease) / increase in cash and cash equivalents		**(8,826)**	4,343
Cash and cash equivalents at beginning of year		**22,606**	18,251
Effects of exchange rate changes on cash and cash equivalents		**160**	12
Cash and cash equivalents at end of year	17	**13,940**	22,606

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2015

1. Corporate information

BRC Asia Limited (the "Company") is a public limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530.

The principal activities of the Company are the prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27*: Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38*: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28*: Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 111*: Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
Amendments to FRS 1: *Disclosure Initiative*	1 January 2018
Amendments to FRS 115: *Effective Date of FRS 115*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company's. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation* and business combination *(cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of reporting period and the statement of comprehensive income are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment except for freehold land and a leasehold building are measured at cost less accumulated depreciation and accumulated impairment losses. The leasehold building was initially stated at cost and subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation.

The valuation of the leasehold building was carried out in 1993 based on the appraisals received from an independent firm of professional valuers and the revaluation surplus was taken to asset revaluation reserve. The Group does not have a policy of periodically revaluing its leasehold buildings as allowed under FRS 16 for one-off revaluation performed between 1 January 1984 and 31 December 1996.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Depreciation is computed on a straight line basis over the estimated useful life of the asset as follows:

Leasehold buildings	–	Over the lease term of between 11 to 36 years
Plant and machinery	–	4 to 15 years
Motor vehicles	–	7 years
Furniture and equipment	–	3 to 5 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(iii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. **Summary of significant accounting policies (cont'd)**

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand; demand deposits; and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. **Summary of significant accounting policies (cont'd)**

2.14 Inventories (cont'd)

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress, and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.17 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.11(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

No conversion option (equity component) was recognised by the Group and Company as the difference in the fair value of the liability component and the proceeds from the bonds was not significant.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. **Summary of significant accounting policies (cont'd)**

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Similar defined contributions are made in accordance to other schemes in the jurisdiction that the Group operates in. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Retirement benefits*

Retirement benefits are granted to employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one (1) week's pay for each full year of service at the employee's last-drawn salary at date of retirement.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality government bonds that are denominated in the currency in which the benefits will be paid; and it has tenures approximating that of the related benefit obligations.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(c) *Employee share option scheme (cont'd)*

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.20 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. **Summary of significant accounting policies (cont'd)**

2.21 Revenue (cont'd)

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity; and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.23 Segment reporting

For management purposes, the Group is principally involved in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. There is only one primary business segment involved; being the entire Group's steel related operations, and accordingly the information regarding its financial position and results is represented by the financial statements as a whole.

For management purposes, the Group is organised into geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Notes to the Financial Statements

For the financial year ended 30 September 2015

2. Summary of significant accounting policies (cont'd)

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

For the financial year ended 30 September 2015

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax liabilities and deferred tax liabilities at the balance sheet date was $2,460,000 (2014: $3,259,000) and $7,348,000 (2014: $6,582,000) respectively.

(b) *Impairment of loans and receivables*

The Group and the Company assess at each reporting period whether there is any objective evidence that a financial asset is impaired. Significant financial difficulties of the debtor, the probability of bankruptcy and default or significant delay in payments are considered objective evidences that a receivable is impaired. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the statement of comprehensive income. As at 30 September 2015, the Group and the Company recorded impairment allowance for trade and other receivables of $1,634,000 (2014: $1,751,000), and the charge for the financial year is $303,000 (2014: $1,233,000).

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Revenue recognition*

Certain sales contracts allow for sales to be invoiced based on the contract price at the point of sale and subject to subsequent price adjustments to the contract price based on a published monthly Building and Construction Authority Index. The period between invoicing and final pricing is typically between 45 and 60 days. Revenue on such sales is recognised based on the estimated fair value of the total consideration receivable. Where the final price of such sales is different from the initial fair value estimates, the difference will impact revenue in the period in which such determination is made. As at 30 September 2015, management recorded a debit adjustment to revenue of $4,742,000 (2014: debit adjustment of $4,494,000) in respect of the price adjustments. A 5% difference in the published monthly Building and Construction Authority Index from management's estimates would result in approximately 1.3% (2014: 1.1%) variance in the Group's profit before tax.

Notes to the Financial Statements

For the financial year ended 30 September 2015

3. **Significant accounting judgements and estimates (cont'd)**

3.2 Key sources of estimation uncertainty (cont'd)

(b) *Allowance for inventory obsolescence*

Management performs an assessment of the condition of its inventories at each balance sheet date, and makes allowance for obsolete items identified that are no longer suitable for use in their existing condition. Management estimates the net realisable value for such inventories taking into consideration current scrap prices and market conditions. As at 30 September 2015, the Group and the Company recorded impairment allowance for inventory obsolescence of $1,500,000 (2014: $2,420,000) and $1,500,000 (2014: $2,200,000) respectively. The reversal of allowance for the financial year recorded by the Group and Company amounted to $920,000 (2014: charge of $2,420,000) and $700,000 (2014: charge of $2,200,000) respectively.

(c) *Provision for onerous contracts*

Provision for onerous contracts are recorded in respect of certain sales contracts for which the costs to meet the obligations are expected to exceed the economic benefits to be received under it. Management estimates the costs required to meet its contractual obligation based on the value of inventory on hand, plus estimated costs of inventory purchases and conversion costs required.

The carrying amount of the Group's provision for onerous contracts as at 30 September 2015 was $3,137,000 (2014: $328,000).

4. **Revenue**

	Group	
	2015	**2014**
	$'000	$'000
Sale of goods	**384,927**	397,365

5. **Other income**

	Group	
	2015	**2014**
	$'000	$'000
Interest income - loans and receivables	**59**	15
Dividend income from available-for-sale financial assets	**2**	8
Government grant	**275**	264
Foreign exchange gain, net	**4,274**	–
Gain from fair value changes on derivatives (Note 28)	**699**	899
Sundries income	**14**	17
	5,323	1,203

Government grant income relates mainly to Special Employment Credit ("SEC") grants and Wage Credit Scheme ("WCS"). The SEC is given to employers employing Singaporean employees aged above 50 and earning up to $3,500 a month. The SEC will run for five years and applies to eligible employees who are on payroll anytime from January 2012 to December 2016.

Under the WCS, the Government will co-fund 40% of wage increases given in 2013 to 2015 to Singapore Citizen employees earning a gross monthly wage of $4,000 and below.

Notes to the Financial Statements

For the financial year ended 30 September 2015

6. Finance costs

	Group	
	2015	**2014**
	$'000	$'000
Interest expense		
- term bank loan	**39**	107
- bills payable to banks	**715**	787
- finance lease	**174**	86
- convertible bond	**502**	188
- others	**33**	1
	1,463	1,169

7. Profit before tax

Profit before tax is arrived at after charging/(crediting) items in Notes 5 and 6 and the following:

	Group	
	2015	**2014**
	$'000	$'000
Audit fees paid/payable to		
- auditors of the Company	**190**	179
Non-audit fees paid/payable to		
- auditors of the Company	**6**	–
- other auditors	**53**	23
Depreciation of property, plant and equipment (Note 11)	**5,880**	5,060
Employee compensation (Note 8)	**19,161**	21,940
Operating lease expense	**5,140**	4,888
Allowance for impairment of trade receivables, net (Note 16)	**303**	1,233
Write-off of property, plant and equipment	**16**	29
Provision for onerous contracts (Note 21)	**2,809**	328
Utilities	**2,978**	3,118
Repair and maintenance	**7,865**	6,658
Foreign exchange (gain)/loss, net	**(4,274)**	420
(Reversal of)/Allowance for inventory obsolescence	**(920)**	2,420
Transportation expenses	**10,630**	9,096
Legal and other professional fees	**371**	222
Loss on de-registration of a subsidiary	**369**	–
Gain on disposal of property, plant and equipment	**(1)**	–
Inventories recognised as an expense in cost of sales (Note 15)	**297,428**	296,591

Notes to the Financial Statements

For the financial year ended 30 September 2015

8. Employee compensation

	Group 2015 $'000	Group 2014 $'000
Wages and salaries	**17,745**	19,528
Employer's contribution to Central Provident Fund	**1,341**	1,517
Retirement benefits (Note 21)	**14**	29
Share options expense [Note 24(a)]	**61**	866
	19,161	21,940

Employee share option scheme

Under the BRC Share Option Scheme 2011 (the "Scheme"), share options were granted on 15 March 2011, 6 March 2012, and 28 March 2013 respectively to all eligible employees except for controlling shareholders or associates of such controlling shareholders [as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST")]. The terms of the Scheme are stated in the Directors' Report.

Movement in the number of unissued ordinary shares under option and their exercise prices is as follows:

Group and Company	At beginning of financial year '000	Granted during financial year '000	Exercised during financial year '000	At end of financial year before share consolidation (1) '000	At end of financial year after share consolidation (1) '000	Exercise price (1)	Exercise period
	Number of ordinary shares under option						
2015							
2012 Options – discounted	**520**	**–**	**(520)**	**–**	**–**	**$0.12**	**06.3.2014 – 05.3.2017**
2013 Options – discounted	**6,200**	**–**	**–**	**6,200**	**1,240**	**$0.81**	**28.3.2015 – 27.3.2018**
2013 Options – undiscounted	**21,533**	**–**	**–**	**21,533**	**4,307**	**$0.90**	**28.3.2014 – 27.3.2018**
	28,253	**–**	**(520)**	**27,733**	**5,547**		
2014							
2011 Options – discounted	3,204	–	(3,204)	–		$0.13	15.3.2013 – 14.3.2016
2011 Options – undiscounted	13,290	–	(13,290)	–		$0.14	15.3.2012 – 14.3.2016
2012 Options – discounted	5,680	–	(5,160)	520		$0.12	06.3.2014 – 05.3.2017
2013 Options – discounted	6,200	–	–	6,200		$0.16	28.3.2015 – 27.3.2018
2013 Options – undiscounted	45,211	–	(23,678)	21,533		$0.18	28.3.2014 – 27.3.2018
	73,585	–	(45,332)	28,253			

Notes to the Financial Statements

For the financial year ended 30 September 2015

8. Employee compensation (cont'd)

Employee share option scheme (cont'd)

(1) During the year, the Company undertook a share consolidation exercise whereby every five existing issued ordinary shares of the Company were consolidated into one ordinary share. The number of options outstanding and exercise price on outstanding options at the financial year ended 30 September 2015 have been adjusted for the effects of the share consolidation.

- The number of options outstanding and exercisable as at 30 September 2015 was 5,547,000 (2014: 22,053,000).
- The weighted average exercise price for options exercised during the financial year is $0.12 (2014: $0.16).
- The weighted average exercise price for options outstanding at the end of the reporting period is $0.88 (2014: $0.17).
- The weighted average remaining contractual life for these options is 2.49 (2014: 3.47) years.

No share options were granted in the current and previous financial years.

9. Income tax expense

	Group	
	2015	**2014**
	$'000	$'000
Current income tax		
- Current financial year	**2,413**	3,229
- Over provision in respect of previous financial years	**(96)**	(431)
	2,317	2,798
Deferred income tax		
- Current financial year arising from origination and reversal of temporary differences	**766**	2,085
- Over provision in respect of previous financial years	**–**	(83)
	766	2,002
Total income tax expense recognised in profit or loss	**3,083**	4,800

Notes to the Financial Statements

For the financial year ended 30 September 2015

9. Income tax expense (cont'd)

The reconciliation between the tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the financial years ended 30 September 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Profit before tax	**18,486**	33,233
Tax calculated at domestic rates applicable to profits in the countries where the Group operates	**3,060**	5,526
Adjustments:		
Income not subject to taxation	**(9)**	(54)
Expenses not deductible for tax purposes	**719**	422
Effect of partial tax exemption and tax relief	**(35)**	(48)
Effects of deferred tax not recognised	**48**	–
Effects of enhanced capital allowances	**(612)**	(578)
Over provision in respect of previous financial years	**(96)**	(514)
Others	**8**	46
Income tax expense recognised in profit or loss	**3,083**	4,800

As at 30 September 2015, a subsidiary of the Group has unutilised tax losses and unabsorbed capital allowances amounting to $626,000 (2014: $198,000) and $1,440,000 (2014: $644,000) respectively, for which deferred tax assets have not been recognised by the Group. These losses and capital allowances have no expiry date.

10. Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing profit net of tax for the financial year attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year.

The earnings per share is calculated as follows:

	Group	
	2015	**2014**
	$'000	$'000
Profit for the year attributable to owners of the Company	**15,461**	28,443

	Group	
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for basic earnings per share computation	**186,946**	183,117
Basic earnings per share (cents)	**8.27**	15.53

Notes to the Financial Statements

For the financial year ended 30 September 2015

10. Earnings per share (cont'd)

(a) *Basic earnings per share (cont'd)*

On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

The weighted average number of shares used for the calculation of earnings per share for the comparative period had been adjusted for the effects of the share consolidation.

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing profit net of tax for the financial year attributable to owners of the parent by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2015	**2014**
	$'000	$'000
Profit for the year attributable to owners of the Company	**15,461**	28,443
Add: Interest on 5% convertible bonds, net of tax	**416**	188
Profit for the year attributable to owners of the Company, including assumed conversions	**15,877**	28,631
	No. of shares '000	**No. of shares** '000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for basic earnings per share computation	**186,946**	183,117
Effects of dilution for share options	**11**	709
Effects of assumed conversion of convertible bonds	**10,000**	10,000
Weighted average number of ordinary shares (excluding treasury shares) outstanding for diluted earnings per share computation	**196,957**	193,826
Diluted earnings per share (cents)	**8.06**	14.77

4,307,000 (2014: Nil) share options granted to employees in 2013 under the BRC Share Option Scheme 2011 outstanding as at the balance sheet date have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2015

11. Property, plant and equipment

	Leasehold buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Group							
Cost or valuation							
At 1 October 2013							
Cost	15,873	–	64,975	833	4,903	20,282	106,866
Valuation	6,300	–	–	–	–	–	6,300
	22,173	–	64,975	833	4,903	20,282	113,166
Additions	131	2,614	108	–	311	8,021	11,185
Reclassification	5,462	–	17,728	371	768	(24,329)	–
Disposal	–	–	–	(41)	(2)	–	(43)
Written-off	–	–	(101)	–	(572)	–	(673)
Exchange differences	–	–	3	–	–	19	22
At 30 September 2014 and 1 October 2014	**27,766**	**2,614**	**82,713**	**1,163**	**5,408**	**3,993**	**123,657**
Cost	**21,466**	**2,614**	**82,713**	**1,163**	**5,408**	**3,993**	**117,357**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
Additions	**17**	**–**	**285**	**2**	**79**	**11,675**	**12,058**
Reclassification	**–**	**–**	**14,098**	**76**	**560**	**(14,734)**	**–**
Disposal	**–**	**–**	**–**	**–**	**(15)**	**–**	**(15)**
Written-off	**–**	**–**	**–**	**–**	**(35)**	**–**	**(35)**
Exchange differences	**(949)**	**(444)**	**(752)**	**–**	**(101)**	**(114)**	**(2,360)**
At 30 September 2015	**26,834**	**2,170**	**96,344**	**1,241**	**5,896**	**820**	**133,305**
Represented by:							
Cost	**20,534**	**2,170**	**96,344**	**1,241**	**5,896**	**820**	**127,005**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
	26,834	**2,170**	**96,344**	**1,241**	**5,896**	**820**	**133,305**
Accumulated depreciation							
At 1 October 2013	10,662	–	37,473	430	3,385	–	51,950
Disposal	–	–	–	(41)	(2)	–	(43)
Written-off	–	–	(87)	–	(557)	–	(644)
Depreciation charge	757	–	3,156	137	1,010	–	5,060
At 30 September 2014 and 1 October 2014	**11,419**	**–**	**40,542**	**526**	**3,836**	**–**	**56,323**
Disposal	**–**	**–**	**–**	**–**	**(14)**	**–**	**(14)**
Written-off	**–**	**–**	**–**	**–**	**(19)**	**–**	**(19)**
Exchange differences	**(56)**	**–**	**(164)**	**–**	**(40)**	**–**	**(260)**
Depreciation charge	**804**	**–**	**4,052**	**156**	**868**	**–**	**5,880**
At 30 September 2015	**12,167**	**–**	**44,430**	**682**	**4,631**	**–**	**61,910**
Net book value							
At 30 September 2014	**16,347**	**2,614**	**42,171**	**637**	**1,572**	**3,993**	**67,334**
At 30 September 2015	**14,667**	**2,170**	**51,914**	**559**	**1,265**	**820**	**71,395**

Notes to the Financial Statements

For the financial year ended 30 September 2015

11. Property, plant and equipment (cont'd)

	Leasehold buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Cost or valuation						
At 1 October 2013						
Cost	15,873	54,923	833	4,774	10,472	86,875
Valuation	6,300	–	–	–	–	6,300
	22,173	54,923	833	4,774	10,472	93,175
Additions	–	395	–	1	9,043	9,439
Reclassification	–	15,269	371	576	(16,216)	–
Transfer to a subsidiary	–	(1,037)	–	–	(1)	(1,038)
Disposal	–	–	(41)	(2)	–	(43)
Written-off	–	(101)	–	(572)	–	(673)
At 30 September 2014 and 1 October 2014	**22,173**	**69,449**	**1,163**	**4,777**	**3,298**	**100,860**
Cost	**15,873**	**69,449**	**1,163**	**4,777**	**3,298**	**94,560**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Additions	**–**	**15**	**2**	**–**	**11,567**	**11,584**
Reclassification	**–**	**13,537**	**76**	**560**	**(14,173)**	**–**
Transfer to a subsidiary	**–**	**(5,141)**	**–**	**(26)**	**–**	**(5,167)**
Disposal	**–**	**–**	**–**	**(15)**	**–**	**(15)**
Written-off	**–**	**–**	**–**	**(35)**	**–**	**(35)**
At 30 September 2015	**22,173**	**77,860**	**1,241**	**5,261**	**692**	**107,227**
Represented by:						
Cost	**15,873**	**77,860**	**1,241**	**5,261**	**692**	**100,927**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
	22,173	**77,860**	**1,241**	**5,261**	**692**	**107,227**
Accumulated depreciation						
At 1 October 2013	10,662	27,622	431	3,365	–	42,080
Transfer to subsidiary	–	(436)	–	–	–	(436)
Disposal	–	–	(41)	(2)	–	(43)
Written-off	–	(87)	–	(557)	–	(644)
Depreciation charge	589	2,803	137	900	–	4,429
At 30 September 2014 and 1 October 2014	**11,251**	**29,902**	**527**	**3,706**	**–**	**45,386**
Transfer to subsidiary	**–**	**(5,038)**	**–**	**(22)**	**–**	**(5,060)**
Disposal	**–**	**–**	**–**	**(14)**	**–**	**(14)**
Written-off	**–**	**–**	**–**	**(19)**	**–**	**(19)**
Depreciation charge	**590**	**3,745**	**156**	**700**	**–**	**5,191**
At 30 September 2015	**11,841**	**28,609**	**683**	**4,351**	**–**	**45,484**
Net book value						
At 30 September 2014	**10,922**	**39,547**	**636**	**1,071**	**3,298**	**55,474**
At 30 September 2015	**10,332**	**49,251**	**558**	**910**	**692**	**61,743**

Notes to the Financial Statements

For the financial year ended 30 September 2015

11. Property, plant and equipment (cont'd)

Assets under construction

The Group's and Company's assets under construction as at 30 September 2015 relate to expenditure for leasehold buildings and plant and machinery (2014: building and plant and machinery) in the course of construction.

Revaluation of leasehold building

Included in leasehold buildings is a building which was revalued based on appraisals received from an independent firm of professional valuers in 1993. The valuation was based on the open market value of the leasehold building. The revaluation surplus was taken to asset revaluation reserve.

The Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under FRS16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

If the leasehold building stated at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been nil (2014: nil).

Assets held under finance leases

During the financial year, the Group entered into finance lease arrangements for plant and equipment (previously acquired with cash) amounting to $10,241,000 (2014: $9,545,000).

The carrying amount of plant and machinery held under finance leases at the end of the reporting period were $19,724,000 (2014: $10,370,000).

Leased assets are pledged as security for the related finance lease liabilities.

12. Investment in joint venture

The Company has a 50% (2014: 50%) equity interest in a joint venture, Anhui BRC & Ma Steel Weldmesh Co. Ltd, incorporated in the People's Republic of China ("PRC"). The joint venture's principal activity is to market and manufacture steel welded wire mesh and other forms of wire and reinforcing steel products for use in the construction industry in the PRC. The Group jointly controls the venture with the other partner under the contractual agreement and unanimous consent is required for all major decisions.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**6,076**	6,076	**6,076**	6,076
Share of post-acquisition reserves	**3,533**	3,937	**–**	–
Less: Accumulated dividends received	**(104)**	(50)	**–**	–
Effects of exchange rates	**1,050**	191	**–**	–
	10,555	10,154	**6,076**	6,076

Notes to the Financial Statements

For the financial year ended 30 September 2015

12. Investment in joint venture (cont'd)

The summarised financial information of the joint venture at the proportion of ownership interest held by the Group which reconciles to the carrying amount of the investment on the consolidated balance sheet is as follows:

	Group	
	2015	2014
	$'000	$'000
Summarised balance sheet:		
Cash and cash equivalents	954	1,486
Other current assets	14,261	14,287
Current assets	15,215	15,773
Non-current assets	2,398	2,322
Total assets	17,613	18,095
Current liabilities	3,696	2,249
Non-current liabilities	3,362	5,692
Total liabilities	7,058	7,941
Net assets / Carrying amount of the investment	10,555	10,154
Summarised statement of comprehensive income:		
Revenue	26,160	23,829
Depreciation	(459)	(498)
Interest expense	(250)	(339)
Other expenses	(25,768)	(22,638)
Profit before tax	(317)	354
Tax	(87)	(30)
(Loss)/Profit after tax representing total comprehensive income	(404)	324

13. Investment in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Shares, at cost:		
Balance as at beginning of the year	9,240	7,308
Additional investment in a subsidiary	7,545	1,932
De-registration of a subsidiary	(5,280)	–
At the end of the financial year	11,505	9,240
Less: Impairment losses	–	(1,855)
	11,505	7,385
Intercompany indebtedness:		
Non-trade amount due from a subsidiary	12,002	–
Total investment in subsidiaries	23,507	7,385

Notes to the Financial Statements

For the financial year ended 30 September 2015

13. Investment in subsidiaries (cont'd)

During the year, the Company subscribed for 20,000,000 new ordinary shares in BRC Prefab Holdings Sdn. Bhd. ("BRC PH") via a capitalization of RM20,000,000 ($7,545,000) of its non-trade receivable balances from BRC PH.

In 2014, the Company subscribed for 5,000,000 new ordinary shares in BRC PH for a consideration of $1,932,000.

Intercompany indebtedness

The amounts owing by a subsidiary included as part of the Company's net investment in subsidiaries are unsecured, bear interest at 1.48% to 1.88% per annum (2014: Nil), have no repayment terms and are repayable only when the cash flows of the subsidiary permit.

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest	
				2015	2014
	Held by the Company				
#	BRC China Limited	Dormant	Hong Kong	–	100
^	BRC Prefab Sdn. Bhd.	Inactive	Malaysia	**70**	70
@	BRC Prefab Holdings Sdn. Bhd. ("BRC PH")	Prefabrication, manufacturing and sale, and trading of steel products	Malaysia	**100**	100
**	Eva Investments Pte Ltd	Dormant	Singapore	**100**	100

The subsidiary was de-registered during the financial year.

^ The subsidiary is audited by Roger Yue, Tan & Associates.

@ Audited by a member firm of Ernst & Young Global in Malaysia

** Not required to be audited.

The Group has no subsidiaries that have non-controlling interests that are material to the Group.

Notes to the Financial Statements

For the financial year ended 30 September 2015

14. Available-for-sale financial assets

	Group and Company	
	2015	2014
	$'000	$'000
Listed securities:		
- equity securities - Singapore	**80**	154
Unquoted shares	**1,872**	1,872
	1,952	2,026
At beginning of financial year	**2,026**	142
Additions to available-for-sale financial assets	**–**	1,896
Fair value changes recognised in other comprehensive income [Note 24(b)]	**(74)**	(12)
At end of financial year	**1,952**	2,026

In the previous financial year, the Company subscribed for 1,500,000 unquoted shares in Pristine Island Investment Pte. Ltd. ("PII") for US$1,500,000 (equivalent to $1,872,000), representing 15% equity stake in PII. The investment in PII is carried at cost as fair value cannot be measured reliably.

15. Inventories

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance Sheet:				
Raw materials	**70,145**	79,679	**65,838**	71,494
Finished goods	**780**	830	**727**	638
Goods in transit	**22,966**	22,361	**20,904**	22,318
	93,891	102,870	**87,469**	94,450
Allowance for inventory obsolescence	**(1,500)**	(2,420)	**(1,500)**	(2,200)
	92,391	100,450	**85,969**	92,250

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $297,428,000 (2014: $296,591,000).

The net reversal of allowance for inventory obsolescence recognised as income and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $920,000 (2014: charge of $2,420,000) The reversal of allowance for inventory obsolescence during the year was made when the related inventories were sold.

Notes to the Financial Statements

For the financial year ended 30 September 2015

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	**70,289**	78,206	**65,834**	74,343
- Related parties	**128**	29	**128**	29
	70,417	78,235	**65,962**	74,372
Less: Allowance for impairment of trade receivables – third parties	**(1,634)**	(1,751)	**(1,634)**	(1,751)
Trade receivables - net	**68,783**	76,484	**64,328**	72,621
Non-trade receivables:				
- Third parties	**35**	–	**–**	–
- Due from subsidiaries	**–**	–	**2,648**	21,383
- Due from a joint venture	**33**	33	**33**	33
Total trade and other receivables	**68,851**	76,517	**67,009**	94,037
Add: Deposits	**499**	712	**482**	653
Cash and cash equivalents (Note 17)	**13,940**	22,606	**12,000**	18,479
Loan to investee company	**2,021**	–	**2,021**	**–**
Total loans and receivables	**85,311**	99,835	**81,512**	113,169

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

The trade and non-trade amounts due from subsidiaries are unsecured, bear interest at 1.48% to 1.88% per annum (2014: Nil) and repayable on demand and are expected to be settled in cash.

The non-trade amounts due from a joint venture are unsecured, interest-free and repayable on demand and are expected to be settled in cash.

Loan to investee company

During the year, the Company extended a loan of US$1,500,000 (equivalent to $2,021,000) to Pristine Island Investment Pte. Ltd. which is not expected to be repaid in the next twelve months. The loan is unsecured and bears interest at 1% above prevailing bank lending rates.

Notes to the Financial Statements

For the financial year ended 30 September 2015

16. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $27,903,000 (2014: $32,624,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade receivables past due:		
- Less than 90 days	**26,360**	31,962
- 90 to 180 days	**1,543**	662
	27,903	32,624

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance accounts used to record the impairment are as follows:

	Group and Company	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	**1,634**	1,751
Less: Allowance for impairment	**(1,634)**	(1,751)
	–	–
Movements in allowance accounts:		
At beginning of financial year	**1,751**	1,679
Charge for the financial year	**431**	1,319
Reversal during the financial year	**(128)**	(86)
Bad debts written off against allowance	**(420)**	(1,161)
At end of financial year	**1,634**	1,751

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and/or have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

For the financial year ended 30 September 2015

16. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currency at 30 September is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Malaysia Ringgit	–	8	8	8

17. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at banks and on hand	13,940	22,606	12,000	18,479

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 30 September 2015 for the Group and Company were 1.55% (2014: 0.64%) and 0.26% (2014: 0.11%) per annum respectively.

Cash and cash equivalents denominated in foreign currencies at 30 September are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
United States Dollar	2,613	2,949	1,571	148
Malaysia Ringgit	22	483	22	483

18. Trade and other payables

		Group		Company	
	Note	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Trade payables:					
- Third parties		21,812	16,364	21,710	16,358
	(a)	21,812	16,364	21,710	16,358
Non-trade payables:					
- Due to related parties	(b)	90	62	90	62
- Due to subsidiary	(b)	–	–	67	3,307
Accrued employee compensation		6,959	11,050	6,959	11,050
Accrued operating expenses		7,917	9,382	7,593	8,583
Total trade and other payables		36,778	36,858	36,419	39,360
Add: Loans and borrowings (Note 20)		46,908	67,294	42,367	61,792
Financial liabilities carried at amortised cost		83,686	104,152	78,786	101,152

Notes to the Financial Statements

For the financial year ended 30 September 2015

18. Trade and other payables (cont'd)

(a) Trade payables are generally settled on 1 to 90 days' terms.

(b) The non-trade amounts due to related parties and a subsidiary are unsecured, interest-free, repayable upon demand and are expected to be settled in cash.

Trade and other payables denominated in foreign currencies at 30 September are as follows:

	Group and Company	
	2015	**2014**
	$'000	$'000
Euro	**1,043**	2,081
United States Dollar	**72**	–
Malaysia Ringgit	**8**	28

19. Advances received

The advances received from third parties are unsecured and to be applied against subsequent invoices issued by the Group and Company to these parties.

20. Loans and borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current				
Term bank loan (secured)	**–**	4,250	**–**	4,250
Bills payable to banks (unsecured)	**22,324**	44,653	**17,783**	39,151
Finance lease obligations (secured)	**10,920**	2,480	**10,920**	2,480
	33,244	51,383	**28,703**	45,881
Non-current				
Finance lease obligations (secured)	**3,664**	5,911	**3,664**	5,911
Convertible bonds (unsecured)	**10,000**	10,000	**10,000**	10,000
	13,664	15,911	**13,664**	15,911
Total loans and borrowings	**46,908**	67,294	**42,367**	61,792

Term bank loan

This loan bears interest at 1.35% p.a. above SIBOR (2014: 1.35% p.a. above SIBOR) and was fully paid during the year.

Bills payable to banks

Bills payable bears interest at 1.2% to 2.5% per annum (2014: 1.2% to 1.6% per annum) and is repayable within 4 months (2014: 4 months) after the financial year end.

Notes to the Financial Statements

For the financial year ended 30 September 2015

20. Loans and borrowings (cont'd)

Finance lease obligations

These obligations are secured by a charge over the leased assets (Note 11). The discount rate implicit in the lease is 1.90% to 2.08% (2014: 1.90%) per annum.

Convertible bonds

The Company issued $10,000,000 redeemable convertible bonds (the "Bonds") on 16 May 2014 which are due five years from the issue date of the Bonds. The total proceeds of $10,000,000 had been used to pay the Company's trust receipts.

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every $1.00 (2014: $0.20) of Bonds held. The conversion price was adjusted during the year for the effects of the Company's share consolidation.

The Bonds bear interest at a fixed rate of 5% per annum and is payable on a half-yearly basis on 30 June and 31 December each year.

21. Provisions

	Group and Company	
	2015	**2014**
	$'000	$'000
Current:		
Provision for onerous contracts	**3,137**	328
Non-current:		
Provision for retirement benefits	**489**	518

Provision for retirement benefits

The Group and the Company have in place a retirement benefit scheme for employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one week's pay for each full year of service at the employee's last-drawn basic salary at date of retirement. The retirement benefit scheme is unfunded and will be paid out by the Company in cash when due. As at 30 September 2015, there are no plan assets (2014: nil).

The changes in the present value of the defined retirement benefit obligation recognised as a liability in the balance sheets are as follows:

	Group and Company	
	2015	**2014**
	$'000	$'000
At beginning of financial year	**518**	500
Payment during financial year	**(43)**	(11)
Charged to statement of comprehensive income (Note 8)	**14**	29
Service cost	**9**	23
Interest cost	**5**	6
At end of financial year	**489**	518

Notes to the Financial Statements

For the financial year ended 30 September 2015

21. Provisions (cont'd)

Of the total charged, amounts of $5,000 (2014: $6,000) and $9,000 (2014: $23,000) were included in "cost of goods sold" and "administrative expenses" respectively.

The principal actuarial assumptions at the balance sheet date are as follows:

	Group and Company	
	2015	**2014**
Discount rate at 30 September	**3%**	4%
Future salary increases	**3%**	4%
Resignation rate	**0%**	0%

Amounts for the current and previous four periods are as follows:

	Group and Company				
	2015 $'000	**2014** $'000	**2013** $'000	**2012** $'000	**2011** $'000
Defined benefit obligation	**489**	518	500	460	480

Provision for onerous contracts

Provision for onerous contracts are recorded in respect of certain sales contracts for which the costs to meet the obligations are expected to exceed the economic benefits to be received under it.

	Group and Company	
	2015	**2014**
	$'000	$'000
At beginning of financial year	**328**	–
Charge for the year, net	**2,809**	328
At end of financial year	**3,137**	328

Notes to the Financial Statements

For the financial year ended 30 September 2015

22. Deferred tax liabilities

Deferred tax as at 30 September 2015 and 2014 relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets:						
Provisions	**578**	144	**(434)**	(59)	**578**	144
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(7,926)**	(6,726)	**1,200**	2,061	**(7,926)**	(6,726)
Deferred tax liabilities, net	**(7,348)**	(6,582)			**(7,348)**	(6,582)
Deferred tax expense			**766**	2,002		

23. Share capital and treasury shares

Share capital

	Group and Company			
	2015		2014	
	No. of ordinary shares '000	$'000	No. of ordinary shares '000	$'000
Issued and fully paid				
At beginning of financial year	**939,289**	**67,931**	893,957	59,265
Exercise of employees share options	**520**	**80**	45,332	8,666
Before share consolidation	**939,809**	**68,011**	939,289	67,931
At end of financial year	**187,962***	**68,011**	939,289	67,931

* On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has a share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

Notes to the Financial Statements

For the financial year ended 30 September 2015

23. Share capital and treasury shares (cont'd)

Treasury shares

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid				
At beginning of financial year	**1,200**	**190**	1,200	190
After share consolidation	**240***	**190**	–	–
Acquisition of shares subsequent to share consolidation	**744**	**499**	–	–
At end of financial year	**984***	**689**	1,200	190

* On 21 August 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired 744,000 (2014: nil) shares in the Company through purchase on the SGX-ST during the financial year.

The total amount paid to acquire the shares was $499,000 (2014: nil) and this was presented as a component within shareholders' equity. There was no reissuance of treasury shares since their acquisitions.

24. Other reserves

		Group		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Share option reserve	(a)	**974**	932	**974**	932
Fair value adjustment reserve	(b)	**(80)**	(6)	**(80)**	(6)
Foreign currency translation reserve	(c)	**(2,116)**	(439)	**–**	–
Asset revaluation reserve	(d)	**597**	597	**597**	597
		(625)	1,084	**1,491**	1,523

(a) ***Share option reserve***

Share option reserve represents the equity-settled share options granted to employees (Note 8). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2015 $'000	2014 $'000
At beginning of financial year	**932**	1,590
Value of employee services	**61**	866
Issuance of shares upon exercise of share options	**(19)**	(1,524)
At end of financial year	**974**	932

Notes to the Financial Statements

For the financial year ended 30 September 2015

24. Other reserves (cont'd)

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group and Company	
	2015	**2014**
	$'000	$'000
At beginning of financial year	**(6)**	6
Available-for-sale financial assets:		
- Net loss on fair value changes during the financial year	**(74)**	(12)
At end of financial year	**(80)**	(6)

(c) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of exchange differences arising on monetary items that forms part of the Group's net investment in foreign operations.

	Group	
	2015	**2014**
	$'000	$'000
At beginning of financial year	**(439)**	(471)
Net effect of exchange differences arising from the translation of financial statements of foreign operations	**(26)**	32
Net effect of exchange differences arising on quasi capital non-trade amount due from a subsidiary	**(2,314)**	–
Reclassification of currency translation reserve to profit and loss upon de-registration of subsidiary	**663**	–
At end of financial year	**(2,116)**	(439)

(d) *Asset revaluation reserve*

Asset revaluation reserve arose on revaluation of a certain leasehold building in 1993 (Note 11). There is no movement in asset revaluation reserve during the current and previous financial years as the Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under FRS 16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

25. Dividends

	Group and Company	
	2015	**2014**
	$'000	$'000
Declared and paid during the financial year:		
Cash dividends on ordinary shares:		
- Interim exempt (one-tier) dividend for 2015: 0.50 cents (2014: 0.50 cents) per share	**4,693**	4,690
- Final exempt (one-tier) dividend for 2014: 0.80 cents (2013: 0.80 cents) per share	**7,509**	7,505
- Special exempt (one-tier) dividend for 2014: nil cents (2013: 0.40 cents) per share	**–**	3,754
	12,202	15,949

Notes to the Financial Statements

For the financial year ended 30 September 2015

25. **Dividends (cont'd)**

Proposed but not recognised as a liability as at 30 September:

Dividends on ordinary shares, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"):

	Group and Company	
	2015	**2014**
	$'000	$'000
- Final exempt (one-tier) dividend for 2015: 2 cents (2014: 0.80 cents) per share	**3,740**	7,514
	3,740	7,514

26. **Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following were significant transactions between the Group and related parties on rates and terms agreed during the financial year:

(a) ***Sales and purchases of goods and services***

	Group	
	2015	**2014**
	$'000	$'000
Sales of goods to companies related to directors	**671**	39
Purchases from companies related to directors	**(854)**	(733)

The remuneration of directors and other members of key management of the Group paid during the financial year is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Wages and salaries	**4,069**	6,480
Employer's contribution to Central Provident Fund	**85**	78
Other short-term benefits	**382**	366
Directors' fees	**308**	319
	4,844	7,243

Included in the above is the total compensation to directors of the Company amounting to $2,692,000 (2014: $3,958,000).

The total amount of outstanding share options granted by the Group to one of the Company's executive directors under the BRC Share Option Scheme 2011 directors amounted to 3,186,000 (2014: 15,933,000). No share options have been granted to the Company's non-executive directors.

Notes to the Financial Statements

For the financial year ended 30 September 2015

27. Commitments

(a) ***Capital commitments***

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group and Company	
	2015	**2014**
	$'000	$'000
Capital commitment in respect of:		
Plant and machinery	**2,405**	7,561
Leasehold building	**3,132**	–
Furniture and equipment	**57**	–
	5,594	7,561

(b) ***Operating lease commitments***

As a lessee

As at the balance sheet date, the Group and the Company have operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group and Company	
	2015	**2014**
	$'000	$'000
Future minimum lease payments		
Within one financial year	**4,149**	3,893
After one financial year but within five financial years	**6,697**	5,819
After five financial years	**14,186**	14,538
	25,032	24,250

The above operating lease commitments are based on existing rates. The lease agreements have a provision for a periodic revision of such rates in the future.

Notes to the Financial Statements

For the financial year ended 30 September 2015

27. **Commitments (cont'd)**

(c) ***Finance lease commitments***

The Group has finance leases for certain items of plant and machinery.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group and Company			
	2015		2014	
	Minimum lease payments	Present value of payments (Note 20)	Minimum lease payments	Present value of payments (Note 20)
	$'000	$'000	$'000	$'000
Within 1 year	**11,095**	**10,920**	2,552	2,480
After 1 year but within 5 years	**3,720**	**3,664**	6,128	5,911
Total minimum lease payments	**14,815**	**14,584**	8,680	8,391
Less : Amount representing finance charges	**(231)**	**–**	(289)	–
Present value of minimum lease payments	**14,584**	**14,584**	8,391	8,391

(d) ***Other commitments***

The Company has provided a corporate guarantee in respect of banking facilities provided by a bank to a subsidiary. As at 30 September 2015, the amount of facilities drawn down by the subsidiary amounted to $4,541,000 (2014: $5,502,000).

28. **Derivative financial instruments**

Derivative financial instruments comprise the net fair value changes on currency forward contracts that are used to hedge foreign currency payables and contracted purchase commitments of inventories denominated in US Dollar and Euro which exist at the balance sheet date and extending to January 2016 (2014: January 2015).

	2015			2014		
Group and Company	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Currency forward contracts	**60,024**	**699**	**–**	49,649	899	–
Total financial assets at fair value through profit or loss		**699**	**–**		899	–

Notes to the Financial Statements

For the financial year ended 30 September 2015

29. Segment reporting

For management purposes, the Group is principally involved in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. There is only one primary business segment involved; being the entire Group's steel related operations, and accordingly the information regarding its financial position and results is represented by the financial statements as a whole. Hence, no separate business segment information is presented.

Geographical segments

The Group's business operates in three main geographical areas. Sales revenue is based on the country in which the customer is located. Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash and bank balances.

	Singapore	People's Republic of China - Joint Venture	Malaysia	Hong Kong	Group
	$'000	$'000	$'000	$'000	$'000
Financial year ended 30 September 2015					
Revenue	**365,123**	**–**	**19,804**	**–**	**384,927**
Profit/(loss) after tax	**15,453**	**(404)**	**354**	**–**	**15,403**
Total assets	**234,451**	**10,555**	**22,796**	**–**	**267,802**
Total non-current assets	**65,717**	**10,555**	**9,651**	**–**	**85,923**
Capital expenditure	**11,584**	**–**	**474**	**–**	**12,058**
Financial year ended 30 September 2014					
Revenue	389,916	–	7,449	–	397,365
Profit/(loss) after tax	29,299	324	(1,184)	(6)	28,433
Total assets	244,110	10,154	29,659	41	283,964
Total non-current assets	56,187	10,154	13,173	–	79,514
Capital expenditure	9,439	–	1,746	–	11,185

Notes to the Financial Statements

For the financial year ended 30 September 2015

30. Fair value of assets and liabilities

a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group and Company			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
2015				
Available-for-sale financial assets (Note 14)	**80**	**–**	**–**	**80**
Derivative financial instruments (Note 28) - Currency forward contracts	**–**	**699**	**–**	**699**
Financial assets as at 30 September 2015	**80**	**699**	**–**	**779**
2014				
Available-for-sale financial assets (Note 14)	154	–	–	154
Derivative financial instruments (Note 28) - Currency forward contracts	–	899	–	899
Financial assets as at 30 September 2014	154	899	–	1,053

c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial instruments (Note 28):

Currency forward contracts are valued according to valuations obtained from reputable financial institutions as at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 30 September 2015

30. Fair value of assets and liabilities (cont'd)

d) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

Fair value information has not been disclosed for the Group's and Company's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in a Singapore investment company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

Fair value information is not disclosed for the following financial instruments of the Group and Company as at 30 September 2015 as the difference between the carrying amounts and their fair values are not significant.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Financial assets:				
Due from subsidiaries	**–**	–	**2,648**	21,383
Financial liabilities:				
Obligations under finance lease	**(14,584)**	(8,391)	**(14,584)**	(8,391)
Convertible bonds	**(10,000)**	(10,000)	**(10,000)**	(10,000)
Net financial (liabilities)/ assets	**(24,584)**	(18,391)	**(21,936)**	2,992

In 2014, the fair value of the amount due from subsidiaries was not determinable as the timing of the future cash flows arising from the repayment of these amounts could not be reliably estimated.

31. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees on the policies and procedures for the management of these risks, which are executed by the Group Managing Director and/or the Group Financial Controller.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's credit risk arises primarily from trade and other receivables. For other financial assets (including available-for-sale financial assets, derivative financial instruments, and cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

For the financial year ended 30 September 2015

31. Financial risk management objective and policies (cont'd)

(a) ***Credit risk (cont'd)***

The Group and the Company have a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit review, which takes into account qualitative and quantitative factors such as business performance and profile of the customers, is performed and approved by the management before credit is granted. All customer payment profiles and credit exposures are monitored on an on-going basis by the Accountant.

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets including derivative financial instruments with positive fair values.

Credit risk concentration profile

The Group's and the Company's trade receivables concentration profiles by geographical areas and industry sectors as at the end of reporting period are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
By country:				
- Singapore	**64,214**	72,349	**64,214**	72,256
- Malaysia	**4,455**	3,955	**–**	185
- Indonesia	**114**	180	**114**	180
	68,783	76,484	**64,328**	72,621
By industry sector:				
- Construction	**68,783**	76,484	**64,328**	72,621

At the end of the reporting period, approximately:

- 34% (2014: 30%) of the Group's and 36% (2014: 32%) of the Company's trade receivables were due from 10 (2014: 10) major customers who are in the construction industry in Singapore.

- 4% (2014: 23%) of the Company's trade and other receivables were due from related parties respectively.

<u>Financial assets that are neither past due nor impaired</u>

Cash and cash equivalents and derivative financial instruments that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. Trade and other receivables that are neither past due nor impaired are with creditworthy debtors having good payment record with the Group.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

Notes to the Financial Statements

For the financial year ended 30 September 2015

31. **Financial risk management objective and policies (cont'd)**

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from reputable financial institutions. In addition, the Group and the Company also maintain surplus cash balances for future investment opportunities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations:

	Within 1 year	**2 to 5 years**	**Total**
	$'000	$'000	$'000
Group			
At 30 September 2015			
Financial assets:			
Loan to investee company	–	2,409	2,409
Available-for-sale financial assets	–	1,952	1,952
Trade and other receivables	68,851	–	68,851
Cash and cash equivalents	13,940	–	13,940
Other current assets - deposits	499	–	499
Derivative financial instruments			
- Receipts	60,024	–	60,024
- Payments	(59,325)	–	(59,325)
Total undiscounted financial assets	83,989	4,361	88,350
Financial liabilities:			
Trade and other payables	36,778	–	36,778
Loans and borrowings	34,057	15,031	49,088
Total undiscounted financial liabilities	70,835	15,031	85,866
Total net undiscounted financial assets/(liabilities)	13,154	(10,670)	2,484

Notes to the Financial Statements

For the financial year ended 30 September 2015

31. Financial risk management objective and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Group			
At 30 September 2014			
Financial assets:			
Available-for-sale financial assets	–	2,026	2,026
Trade and other receivables	76,517	–	76,517
Cash and cash equivalents	22,606	–	22,606
Other current assets - deposits	712	–	712
Derivative financial instruments			
- Receipts	49,696	–	49,696
- Payments	(48,797)	–	(48,797)
Total undiscounted financial assets	100,734	2,026	102,760
Financial liabilities:			
Trade and other payables	36,858	–	36,858
Loans and borrowings	52,214	17,523	69,737
Total undiscounted financial liabilities	89,072	17,523	106,595
Total net undiscounted financial assets/(liabilities)	11,662	(15,497)	(3,835)

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Company			
At 30 September 2015			
Financial assets:			
Loan to investee company	**–**	**2,409**	**2,409**
Available-for-sale financial assets	**–**	**1,952**	**1,952**
Trade and other receivables	**67,009**	**–**	**67,009**
Cash and cash equivalents	**12,000**	**–**	**12,000**
Other current assets - deposits	**482**	**–**	**482**
Derivative financial instruments			
- Receipts	**60,024**	**–**	**60,024**
- Payments	**(59,325)**	**–**	**(59,325)**
Total undiscounted financial assets	**80,190**	**4,361**	**84,551**
Financial liabilities:			
Trade and other payables	**36,419**	**–**	**36,419**
Loans and borrowings	**29,492**	**15,031**	**44,523**
Total undiscounted financial liabilities	**65,911**	**15,031**	**80,942**
Total net undiscounted financial assets/(liabilities)	**14,279**	**(10,670)**	**3,609**

Notes to the Financial Statements

For the financial year ended 30 September 2015

31. Financial risk management objective and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Company			
At 30 September 2014			
Financial assets:			
Available-for-sale financial assets	–	2,026	2,026
Trade and other receivables	94,037	–	94,037
Cash and cash equivalents	18,479	–	18,479
Other current assets - deposits	653	–	653
Derivative financial instruments			
- Receipts	49,696	–	49,696
- Payments	(48,797)	–	(48,797)
Total undiscounted financial assets	114,068	2,026	116,094
Financial liabilities:			
Trade and other payables	39,360	–	39,360
Loans and borrowings	46,686	17,523	64,209
Total undiscounted financial liabilities	86,046	17,523	103,569
Total net undiscounted financial assets/(liabilities)	28,022	(15,497)	12,525

The table below shows the contractual expiry by maturity of the Company's commitments. The maximum amount of the corporate guarantee is allocated to the earliest period in which the guarantee could be called.

	Company	
	2015 $'000	**2014** $'000
Corporate guarantee – within 1 year	**4,451**	5,502

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and finance lease obligations. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 4 months (2014: 4 months) from the balance sheet date.

The Group's exposure to market interest rates arises from its bills payables (2014: bills payables and term bank loan) which bears interest at 1.2% to 2.5% p.a. (2014: 1.2% to 1.6% p.a. and 1.35% p.a.) above SIBOR respectively.

At the end of reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables constant, the Group's profit before tax would have been $29,600 (2014: $86,500) higher/lower respectively as a result of lower/ higher interest expense on the bills payables and term loan.

Notes to the Financial Statements

For the financial year ended 30 September 2015

31. Financial risk management objective and policies (cont'd)

(d) *Foreign currency risk*

The Group and the Company have transactional currency exposures arising from purchases that 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 the US Dollar ("USD") and Euro.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and MYR.

The Group and the Company use currency forward contracts to hedge its exposure to foreign currency exchange risk arising from purchases which are mainly denominated in USD. The Group's and the Company's trade payables balances at the balance sheet date have similar exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations which include Malaysia and Peoples' Republic of China. The Group's investments in these foreign operations are not hedged as currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD/SGD and Euro/SGD exchange rate, with all other variables held constant, of the Group's profit before tax:

		2015 Increase/(decrease) in Profit before tax $'000	2014 Increase/(decrease) in Profit before tax $'000
Group and Company			
USD/SGD	- strengthened 7% (2014: 7%)	**178**	206
	- weakened 7% (2014: 7%)	**(178)**	(206)
Euro/SGD	- strengthened 7% (2014: 7%)	**(73)**	(146)
	- weakened 7% (2014: 7%)	**73**	146

Notes to the Financial Statements

For the financial year ended 30 September 2015

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt comprises loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	Group	
	2015	**2014**
	$'000	$'000
Loans and borrowings	**46,908**	67,294
Less:		
Cash and cash equivalents	**(13,940)**	(22,606)
Net debt	**32,968**	44,688
Equity attributable to owners of the Company	**167,918**	166,787
Capital plus net debt	**200,886**	211,475
Gearing ratio	**16%**	21%

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors dated on 18 December 2015.

Appendix I

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE OF BRC ASIA LIMITED (THE "COMPANY")

1. BACKGROUND

1.1 Notice of AGM

We refer to Ordinary Resolution 9 set out in the notice of annual general meeting ("**Notice of AGM**") at pages 102 to 105 of the annual report of the Company dated 13 January 2016 ("**Annual Report**").

1.2 Letter to Shareholders

The purpose of this Appendix I is to provide shareholders of the Company ("**Shareholders**") with information relating to, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate (as defined in **paragraph 1.4** below), and to seek their approval in relation therefor at the annual general meeting of the Company to be held on 28 January 2016 ("**AGM**").

The details of the Share Purchase Mandate are set out at **paragraph 2** of this Appendix I.

1.3 SGX-ST

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix I.

1.4 Proposed Renewal of the Share Purchase Mandate

It is a requirement under the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time ("**Companies Act**") for a company to obtain the approval of its shareholders to purchase or otherwise acquire its own shares at a general meeting of its shareholders. At the annual general meeting of the Company held on 23 January 2015 ("**2015 AGM**"), shareholders of the Company ("**Shareholders**") had approved, *inter alia*, the renewal of the share purchase mandate approved on 23 January 2014 authorising the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") (the "**Share Purchase Mandate**").

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution 10 at the 2015 AGM and will expire on the date of the forthcoming AGM, scheduled to be held on 28 January 2016. Accordingly, the directors of the Company ("**Directors**") are proposing to seek Shareholders' approval for the renewal of the Share Purchase Mandate at the AGM. The Share Purchase Mandate is set out in Ordinary Resolution 9 in the Notice of AGM.

As at 18 December 2015, being the latest practicable date prior to the printing of this Appendix I (the "**Latest Practicable Date**"), the Company had purchased an aggregate of 1,321,000 Shares by way of Market Purchases (as defined in **paragraph 2.2.3** below) in the following manner:

(i) pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting of the Company held on 18 January 2012, the Company purchased 1,200,000 pre-consolidated Shares which after taking into account the share consolidation on 21 August 2015 (the "**Share Consolidation**") would be 240,000 Shares; and

(ii) pursuant to the Share Purchase Mandate approved by the Shareholders at the 2015 AGM, the Company, after the completion of the Share Consolidation, purchased 1,081,000 Shares.

After taking into account the Share Consolidation, the highest and lowest price paid was $0.795 and $0.640 per Share respectively. The total consideration paid for the purchases was $926,667.96.

1.5 Advice to Shareholders

If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Appendix I

2. SHARE PURCHASE MANDATE

2.1 Background and Rationale

The Directors wish to renew the Share Purchase Mandate to allow the Company to purchase issued Shares. The Share Purchase Mandate will allow the Directors to make share purchases at the appropriate price level and is one of the ways through which the return on equity of the Company and its subsidiaries ("**Group**") may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the share structure of the Company and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share ("**EPS**") and/or the net tangible asset ("**NTA**") per Share of the Company.

During the period when the Share Purchase Mandate is in force, the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares when and if the circumstances permit. The Share Purchase Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation. The Share Purchase Mandate will also allow the Directors to effectively manage and minimise the dilution impact (if any) associated with share option schemes and performance share plans.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to ten per cent. (10%) of the issued share capital of the Company (excluding Shares held in treasury) as at the date of the AGM at which the Share Purchase Mandate is approved, Shareholders should note that purchases and acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

2.2 Details of the Share Purchase Mandate

Save for **paragraph 2.8** below, the authority and limitations placed on purchases or acquisitions of Shares under the Share Purchase Mandate, if renewed at the AGM, are the same as previously approved by Shareholders at the 2015 AGM and, for the benefit of Shareholders, are summarised below:

2.2.1 <u>Maximum Number of Shares</u>

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased is limited to that number of Shares representing not more than ten per cent. (10%) of the issued Shares as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved ("**Approval Date**"), unless the Company has, at any time during the relevant period, effected a reduction of its share capital in accordance with the applicable Companies Act, in which event the issued share capital of the Company as altered.

Purely for illustrative purposes, based on 186,640,689 issued Shares as at the Latest Practicable Date (disregarding Treasury Shares (as defined in **paragraph 2.2.3** below) as at the Latest Practicable Date) and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares) will result in the purchase or acquisition of 18,664,068 Shares.

In the event that any of the outstanding share options granted under the BRC Share Option Scheme 2011 (which was adopted at the extraordinary general meeting of the Company held on 25 January 2011) ("**Share Options**") that have vested are exercised during the period between the Latest Practicable Date and the date of the AGM, only those new Shares that are allotted and issued by the Approval Date pursuant to the exercise of such vested Share Options will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(i) the next annual general meeting of the Company is held or required by law to be held;

(ii) purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the authority conferred by the Share Purchase Mandate is varied or revoked,

whichever is the earliest.

2.2.3 Manner of Purchases

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**"); and/or otherwise than on the SGX-ST, effected pursuant to an equal access scheme ("**Off-Market Purchases**").

Market Purchases refer to purchases of Shares by the Company transacted on the SGX-ST through SGX Reach, the new securities trading system of the SGX-ST to replace Quest-ST as of 15 August 2011, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Purchase Mandate, the listing rules ("**Listing Rules**") of the listing manual ("**Listing Manual**") of SGX-ST and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(a) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(b) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to Rule 885 of the Listing Rules and the Companies Act, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document or notice to all Shareholders which must contain at least the following information:

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.2 **Details of the Share Purchase Mandate (cont'd)**

2.2.3 Manner of Purchases (cont'd)

(i) the terms and conditions of the offer;

(ii) the maximum number of Shares or the maximum percentage of ordinary issued share capital authorised to be purchased or acquired;

(iii) the maximum price which may be paid for the Shares;

(iv) the date on which the Share Purchase Mandate is to expire, being a date that must not be later than the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is earlier;

(v) the sources of funds to be used for the Shares purchase or acquisition including the amount of financing and its impact on the Company's financial position;

(vi) the period and procedures for acceptances;

(vii) the reasons for the proposed purchase or acquisition of Shares;

(viii) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers ("**Take-over Code**") or other applicable take-over rules;

(ix) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(x) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases; and

(xi) whether the Shares purchased by the Company will be cancelled or kept as treasury shares ("**Treasury Shares**").

2.2.4 Maximum Purchase Price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter) of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.4 Maximum Purchase Price (cont'd)

For the purpose of this Appendix I:

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) days on which the SGX-ST is open for trading in securities ("**Market Days**") on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after the relevant five (5) Market Day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of Purchased Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Share is held by the Company as a Treasury Share. At the time of each purchase or acquisition of the Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

2.4.1 Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

2.4.2 Voting and Other Rights

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company will not have the right to attend or vote at meetings and to receive any dividends or other distribution of the Company's assets in respect of the Treasury Shares.

However, the allotment of Treasury Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.4 Treasury Shares (cont'd)

2.4.3 Disposal and Cancellation

Where the Company holds Shares as Treasury Shares, it may dispose of such Treasury Shares at any time in the following ways:

(i) sell the Treasury Shares for cash;

(ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

In addition, under Rule 704(28) of the Listing Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

2.5 Reporting Requirements

Within thirty (30) days of passing a Shareholders' resolution to approve the purchase or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**").

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of purchases or acquisitions including the date of the purchases or acquisitions, the total number of Shares purchased or acquired, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchases and acquisitions of Shares, the amount of consideration paid by the Company for the purchases or acquisitions, and such other information required by the Companies Act.

Rule 886 of the Listing Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9:00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.6 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Constitution of the Company and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares pursuant to the Share Purchase Mandate, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or distributable profits provided that:

(i) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of purchase; and

(ii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Where the purchase of Shares is made out of distributable profits, such purchase (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares but the amount available for the distribution of cash dividends by the Company will not be reduced.

The Company will use its internal resources and/or external borrowings to finance its purchase or acquisition of the Shares. Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

However, the Directors do not propose to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, how the purchase or acquisition is funded, whether the Shares purchased or acquired are held as Treasury Shares or immediately cancelled on purchase or acquisition as well as how the Shares if held as Treasury Shares, are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Accordingly, it is not possible for the Company to calculate or quantify the actual impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS of the Company and the Group.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects

For illustrative purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2015 (please refer to page 32 of the Annual Report), and assuming that none of the outstanding Share Options are exercised before the AGM, the Company has distributable reserves of approximately $101 million to effect purchases of its Shares from the market. For illustrative purposes only, and based on the assumptions set out below:

(i) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 18,664,068 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date and the Shares are purchased at $0.735 per Share, being a price representing one hundred and five per cent. (105%) of the Average Closing Price as at the Latest Practicable Date; and

(ii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 18,664,068 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date and the Shares are purchased at $0.77 per Share, being a price representing one hundred and ten per cent. (110%) of the Average Closing Price as at the Latest Practicable Date,

and provided that the purchases or acquisitions are financed entirely out of internal sources of funds and the purchased or acquired Shares are cancelled or held in treasury, the impact of the purchase of Shares by the Company pursuant to the Share Purchase Mandate on the Group's and the Company's audited financial statements for the financial year ended 30 September 2015 would be as set out below.

Group	Market Share Purchase ($'000)		Off-Market Share Purchase ($'000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds	167,862	154,144	167,862	153,491
Net Assets	167,862	154,144	167,862	153,491
Current Assets	181,879	168,161	181,879	167,508
Current Liabilities	78,439	78,439	78,439	78,870
Total Borrowings	46,908	46,908	46,908	47,339
Cash and Cash Equivalents	13,940	222	13,940	-
No. of issued and paid-up Shares ('000) (excluding treasury shares)	186,641	167,977	186,641	167,977
Financial Ratios				
Net Assets per Share (cents) (1a)	8.99	9.18	8.99	9.14
Gearing (times) (1b)	2.79	3.04	2.79	3.08
Basic Earnings per Share (cents) (1c)	8.28	9.2	8.28	9.2

Notes:

(1) For the purposes of the above calculations:

(a) "**Net Assets per Share**" is calculated based on the NTA and the issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date;

(b) "**Gearing**" represents the ratio of total borrowings to total equity; and

(c) "**Basic Earnings per Share**" is calculated based on profit attributable to Shareholders and number of issued and paid-up Shares (excluding treasury shares) as at the Latest Practicable Date.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects (cont'd)

Shareholders should note that the financial effects set out in this section are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Group's and the Company's financial figures.

2.8 Tax Implications

The proceeds received by Shareholders from the Company will be treated for income tax purposes in the same manner as proceeds arising from any other disposal of shares. Whether the payment is taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Listing Rules

Under Rule 884 of the Listing Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per cent. (5%) above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made.

The Maximum Price for a Share in relation to Market Purchases by the Company conforms to this restriction.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Rule 1207(19) of the Listing Rules provides, *inter alia*, that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two (2) weeks before the announcement of each of the issuer's results for the first three (3) quarters, and one (1) month before the announcement of the issuer's annual (full year) results, as the case may be, and ending on the date of the announcement of the relevant results. In line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full year results and the period of two (2) weeks immediately preceding the announcement of the Company's results for the first three (3) quarters.

2.10 Listing Status

The Company is required under Rule 723 of the Listing Rules to ensure that at least ten per cent. (10%) of any class of its equity securities (excluding preference shares and convertible equity securities) are in the hands of the public. The "public", as defined under the Listing Rules, are persons other than its Directors, chief executive officer, Substantial Shareholders or controlling shareholders and its subsidiaries, as well as the associates of such persons. For purposes of this Appendix I, the terms "**Substantial Shareholder**" and "**subsidiary**" shall have the meaning ascribed to them in the Companies Act and the terms "**controlling shareholder**" and "**associate**" shall have the meanings ascribed to them in the Listing Manual.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.10 Listing Status (cont'd)

As at the Latest Practicable Date, there are 51,118,791 Shares in the hands of the public (as defined above), representing 27.39% of the issued Shares. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, the number of Shares in the hands of the public would be reduced to 32,454,723 Shares, representing 19.32% of the reduced issued share capital of the Company.

In undertaking any purchases of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchase(s) will not:

(i) adversely affect the listing status of the Shares on the SGX-ST;

(ii) cause market illiquidity; or

(iii) adversely affect the orderly trading of Shares.

2.11 Obligations to Make a Take-over Offer

Under the Take-over Code, a person will be required to make a general offer for a public company if:

(i) he acquires thirty per cent. (30%) or more of the voting rights of the company; or

(ii) he holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any six (6) month period.

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code ("**Rule 14**").

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(ii) a company, its parent, its subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies as well as any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned entities for the purchase of voting rights, all with each other.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Appendix I

2. SHARE PURCHASE MANDATE (cont'd)

2.11 Obligations to Make a Take-over Offer (cont'd)

Under Appendix 2 of the Take-Over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties:

(i) increase to thirty per cent. (30%) or more; or

(ii) if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than one per cent. (1%) in any period of six (6) months.

A Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company increase to thirty per cent. (30%) or more, or if the voting rights of such Shareholder fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The interests of the Directors and Substantial Shareholders as at the Latest Practicable Date are disclosed in **paragraph 3** below. Save as set out in **paragraph 2.12** below, as at the Latest Practicable Date, assuming that the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares:

(i) none of the Directors (together with persons acting in concert with them, if any) will be obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate; and

(ii) none of the Directors are aware of any Substantial Shareholders who may become obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate.

This paragraph 2.11 does not purport to be a comprehensive or exhaustive description of all the implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their own professional advisers at the earliest opportunity.

2.12 Concert Parties

As at the Latest Practicable Date, each of Lingco Marine Pte. Ltd. ("**LMPL**") and Lingco Holdings Pte Ltd ("**LHPL**") each hold 37,836,898 Shares and 12,144,060 Shares respectively (representing 20.27% and 6.51% of the issued share capital of the Company respectively), which, in aggregate, represents 26.78% of the existing issued share capital of the Company.

By virtue of Section 7 of the Companies Act, LMPL is deemed to have an interest in the shares of the Company held by LHPL. Mr Sia Ling Sing, the Non-Executive Chairman of the Company, has a 30.17% interest in LMPL. By virtue of Section 7 of the Companies Act, he is therefore deemed to have an interest in 37,836,898 Shares (representing 20.27% of the Shares) and 12,144,060 Shares (representing 6.51% of the Shares) held by LMPL and LHPL respectively. Therefore, he is deemed interested in 26.78% of the Shares.

Mr Seah Kiin Peng, an Executive Director of the Company, holds 3,413,785 Shares representing 1.83% of the issued share capital of the Company. As Mr Seah Kiin Peng is the nephew of Mr Sia Ling Sing, Mr Sia Ling Sing and Mr Seah Kiin Peng are presumed to be acting in concert under the Take-over Code.

Appendix I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.12 Concert Parties (cont'd)

Assuming that:

(i) the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares and such purchased Shares are cancelled; and

(ii) the Lingco Concert Group (as defined below) does not either acquire or dispose of any of its Shares,

the aggregate shareholding percentage of Mr Sia Ling Sing, Mr Seah Kiin Peng, LMPL and LHPL (the "**Lingco Concert Group**") based on their shareholdings as at the Latest Practicable Date, will increase to 31.79%. Accordingly, the Lingco Concert Group may incur an obligation to make a general offer for the Shares as a consequence of the purchase of Shares by the Company.

In light of the foregoing, unless exempted, if the Lingco Concert Group does not reduce its shareholding percentage to a level such that the aggregate shareholding percentage of the Lingco Concert Group will not exceed 30%, based on the aggregate shareholding of the Lingco Concert Group as at the Latest Practicable Date, the maximum percentage of Shares that the Company can purchase in order that the Lingco Concert Group will not incur an obligation to make a general offer for the Shares is 4.639% if the purchased Shares are held in treasury or cancelled. Accordingly, the Company may be limited in the aggregate number of Shares it can purchase pursuant to the Share Purchase Mandate.

2.13 Share Purchases in the Previous Twelve (12) Months

In the last twelve (12) months immediately preceding the Latest Practicable Date, the Company had, after the completion of the Share Consolidation, purchased 1,081,000 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2015 AGM. The highest and lowest price paid was $0.710 and $0.640 per Share respectively. The total consideration paid for the purchases was $737,127.96.

3. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST**

Based on the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date, and assuming (i) the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares, (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed interested in, and (iii) none of the outstanding Share Options are exercised, as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares are set out below:

	Direct Interest		Deemed Interest		Total Interest		Number of Shares comprised in outstanding Share Options
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)	
Directors							
Lau Eng Tiong(4)	–	–	15,762,904	8.45	15,762,904	8.45	–
Lim Siak Meng	12,394,504	6.64	–	–	12,394,504	6.64	3,186,600
Sia Ling Sing(3)	–	–	49,980,958	26.78	49,980,958	26.78	–
Seah Kiin Peng	3,413,785	1.83	–	–	3,413,785	1.83	–

Appendix I

3. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST (cont'd)**

	Direct Interest		Deemed Interest		Total Interest		Number of Shares comprised in outstanding Share Options
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)	
Shareholders							
HG Metal Pte Ltd(2)	42,145,518	22.58	–	–	42,145,518	22.58	–
HG Metal Investments Pte Ltd(2)	–	–	42,145,518	22.58	42,145,518	22.58	–
HG Metal Manufacturing Limited(2)	–	–	42,145,518	22.58	42,145,518	22.58	–
LMPL(3)	37,836,898	20.27	12,144,060	6.51	49,980,958	26.78	–
LHPL	12,144,060	6.51	–	–	12,144,060	6.51	–
Sia Ling Sing(3)	–	–	49,980,958	26.78	49,980,958	26.78	–
Sin Teck Guan (Pte) Ltd	15,762,904	8.45	–	–	15,762,904	8.45	–
Lau Eng Tiong(4)	–	–	15,762,904	8.45	15,762,904	8.45	–
Lau Eng Hoe(5)	–	–	15,762,904	8.45	15,762,904	8.45	–
Lau Eng Lin(6)	–	–	15,762,904	8.45	15,762,904	8.45	–
Lau Eng Seng(7)	–	–	15,762,904	8.45	15,762,904	8.45	–
Lim Siak Meng	12,394,504	6.64	–	–	12,394,504	6.64	3,186,600
Siem Seng Hing & Company (Pte) Limited	11,824,229	6.34	–	–	11,824,229	6.34	–

Notes:

(1) Based on the total issued Shares (excluding Treasury Shares), comprising 186,640,689 Shares as at the Latest Practicable Date.

(2) HG Metal Manufacturing Limited has a 100% interest in HG Metal Investments Pte Ltd, which in turn has an interest of 100% in HG Metal Pte Ltd. Accordingly, both these parties are deemed to have an interest in the Shares held by HG Metal Pte Ltd pursuant to Section 7 of the Companies Act.

(3) By virtue of Section 7 of the Companies Act, LMPL is deemed to have an interest in the shares of the Company held by LHPL. Mr Sia Ling Sing has a 30.17% interest in LMPL and is deemed to have an interest in the Shares held by LMPL and LHPL pursuant to Section 7 of the Companies Act.

(4) Mr Lau Eng Tiong has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(5) Mr Lau Eng Hoe has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(6) Mr Lau Eng Lin has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

(7) Mr Lau Eng Seng has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to Section 7 of the Companies Act.

4. **DIRECTORS' RECOMMENDATIONS**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. The Directors recommend that Shareholders vote in favour of Ordinary Resolution 9 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM on pages 102 to 105 of the Annual Report.

Appendix I

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out at pages 102 to 105 of the Annual Report, will be held on Thursday, 28 January 2016 at 10.00 a.m. at 5, Sixth Lok Yang Road, Singapore 628103.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the proxy form in the Annual Report ("**Proxy Form**") in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company by 10.00 a.m. on 26 January 2016, not later than forty-eight (48) hours before the time set for the AGM. The completion and lodgment of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. In such event, the relevant Proxy Forms will be deemed to be revoked.

A Shareholder having a share capital who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder (which number and class of Shares shall be specified).

6.2 When Depositor Regarded as Shareholder

A Depositor (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore ("**Securities and Futures Act**")) shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act) at least seventy-two (72) hours before the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix I and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix I constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix I misleading.

Where information in this Appendix I has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix I in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530 during normal business hours from the date of this Appendix I up to (and including) the date of the AGM:

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for the financial year ended 30 September 2015.

Yours faithfully
For and on behalf of the
Board of Directors of
BRC ASIA LIMITED

Lim Siak Meng
Group Managing Director

Statistics of Shareholding

As at 18 December 2015

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	27	0.85	979	0.00
100 - 1,000	1,804	56.82	742,203	0.39
1,001 - 10,000	848	26.71	4,187,040	2.23
10,001 - 1,000,000	480	15.12	25,672,770	13.66
1,000,001 - and above	16	0.50	157,358,697	83.72
TOTAL	**3,175**	**100.00**	**187,961,689**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 18 DECEMBER 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES (1)
1	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	51,134,601	27.40
2	LINGCO MARINE PTE LTD	37,836,898	20.27
3	SIN TECK GUAN (PTE) LTD	15,762,904	8.45
4	LIM SIAK MENG	12,394,504	6.64
5	LINGCO HOLDINGS PTE LTD	12,144,060	6.51
6	SIEM SENG HING & COMPANY (PTE) LIMITED	11,824,229	6.34
7	SEAH KIIN PENG (XIE JINGPING)	3,413,785	1.83
8	SEAH BOON HWA	2,280,681	1.22
9	SHANWOOD DEVELOPMENT PTE LTD	1,889,000	1.01
10	BANK OF SINGAPORE NOMINEES PTE LTD	1,396,318	0.75
11	SOUTHERN AIRCONDITIONING ENGINEERING PTE LTD	1,274,800	0.68
12	OCBC SECURITIES PRIVATE LTD	1,272,192	0.68
13	LAU WEE MIN (LIU WEIMIN)	1,221,000	0.65
14	NG MENG SEAH	1,126,667	0.60
15	LEE CHUN FUN	1,095,858	0.59
16	ONG LIAN TECK (WANG LIANDE)	868,915	0.47
17	TAN LAU MING	839,346	0.45
18	HONG LEONG FINANCE NOMINEES PRIVATE LIMITED	790,280	0.42
19	DBS NOMINEES PTE LTD	780,990	0.42
20	CHUA KIAN LIN	748,940	0.40
	TOTAL:	**160,095,968**	**85.78**

Note:
(1) Shareholdings exclusive of 1,321,000 treasury shares.

Statistics of Shareholding

As at 18 December 2015

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the directors and substantial shareholders in the issued share capital of the company as recorded in the register of directors' shareholdings and the register of substantial shareholders respectively as at the latest practicable date are set out below.

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]
Directors						
Lau Eng Tiong[4]	–	–	15,762,904	8.45	15,762,904	8.45
Lim Siak Meng	12,394,504	6.64	–	–	12,394,504	6.64
Sia Ling Sing[3]	–	–	49,980,958	26.78	49,980,958	26.78
Seah Kiin Peng	3,413,785	1.83	–	–	3,413,785	1.83
Shareholders						
HG Metal Pte Ltd	42,145,518	22.58	–	–	42,145,518	22.58
HG Metal Investments Pte Ltd[2]	–	–	42,145,518	22.58	42,145,518	22.58
HG Metal Manufacturing Limited[2]	–	–	42,145,518	22.58	42,145,518	22.58
Lingco Marine Pte. Ltd.[3]	37,836,898	20.27	12,144,060	6.51	49,980,958	26.78
Lingco Holdings Pte Ltd	12,144,060	6.51	–	–	12,144,060	6.51
Sia Ling Sing[3]	–	–	49,980,958	26.78	49,980,958	26.78
Sin Teck Guan (Pte) Ltd	15,762,904	8.45	–	–	15,762,904	8.45
Lau Eng Tiong[4]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Hoe[5]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Lin[6]	–	–	15,762,904	8.45	15,762,904	8.45
Lau Eng Seng[7]	–	–	15,762,904	8.45	15,762,904	8.45
Lim Siak Meng	12,394,504	6.64	–	–	12,394,504	6.64
Siem Seng Hing & Company (Pte) Limited	11,824,229	6.34	–	–	11,824,229	6.34

Notes:

(1) Calculated as a percentage of the total number of issued Shares (excluding treasury shares), comprising 186,640,689 Shares as at the Latest Practicable Date.

(2) HG Metal Manufacturing Limited has a 100% interest in HG Metal Investments Pte Ltd, which in turn has an interest of 100% in HG Metal Pte Ltd. Accordingly, both these parties are deemed to have an interest in the Shares held by HG Metal Pte Ltd pursuant to section 7 of the Companies Act, Chapter 50 ("Companies Act").

(3) By virtue of section 7 of the Companies Act, Lingco Marine Pte. Ltd. is deemed to have an interest in the Shares held by Lingco Holdings Pte Ltd. Mr Sia Ling Sing has a 30.17% interest in Lingco Marine Pte. Ltd. and is deemed to have an interest in the Shares held by Lingco Marine Pte. Ltd. and Lingco Holdings Pte Ltd pursuant to section 7 of the Companies Act.

(4) Mr Lau Eng Tiong has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(5) Mr Lau Eng Hoe has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(6) Mr Lau Eng Lin has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

(7) Mr Lau Eng Seng has a 25.00% interest in Sin Teck Guan (Pte) Ltd and is deemed to have an interest in the Shares held by Sin Teck Guan (Pte) Ltd pursuant to section 7 of the Companies Act.

PUBLIC SHAREHOLDING AS AT 18 DECEMBER 2015

Based on the registers of shareholdings, approximately 27.39% of the Company's shares are held in the hands of the public. The Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

BRC ASIA LIMITED
(Company Registration No. 193800054G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BRC Asia Limited (the "**Company**") will be held at 5 Sixth Lok Yang Road, Singapore 628103 on Thursday, 28 January 2016 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2015 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 2 Singapore cents per ordinary share for the financial year ended 30 September 2015. **(Resolution 2)**

3. To approve the Directors' fees of $307,500 for the financial year ended 30 September 2015. (2014: S$307,500) **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 99 of the Company's Constitution:
   (i) Mr. Seah Kiin Peng **(Resolution 4)**
   (ii) Mr. Ooi Seng Soon **(Resolution 5)**

   Mr. Ooi Seng Soon, if re-elected as Director of the Company, will remain as Chairman of the Audit and Remuneration Committees and Member of the Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To re-elect Mr. Foo Sey Liang, who will retire pursuant to Article 103 of the Company's Constitution. **(Resolution 6)**

6. To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions with or without modifications:

7. AUTHORITY TO ISSUE SHARES

   "That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and the listing rules ("**Listing Rules**") of the listing manual ("**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of bonus, rights or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, options, debentures or other instruments convertible into Shares,

   (b) (notwithstanding the authority conferred by this resolution ("**Resolution**") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not be more than 50% of the total number of Shares (excluding treasury shares), in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

Notice of Annual General Meeting

(ii) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders shall not be more than twenty per cent (20%) of the total number of Shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of Shares (excluding treasury shares) shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options or vesting of share awards which are outstanding or subsisting at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." (See Explanatory Note 1) **(Resolution 8)**

8. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR SHARE PURCHASE

"That:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**") transacted through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) otherwise than on the SGX-ST, in accordance with an equal access scheme ("**Off-Market Purchases**") as may be determined or formulated by the Directors as they consider fit in the interests of the Company, which scheme(s) shall satisfy the conditions, which are consistent with the Share Purchase Mandate (as hereinafter defined), the Listing Rules and the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless otherwise varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest date on which:

(i) the next annual general meeting of the Company is held or required by law to be held;

(ii) share purchases have been carried out to the full extent mandated; or

(iii) the authority contained in the Share Purchase Mandate is varied or revoked;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five (5) consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after the relevant five (5) days period;

Notice of Annual General Meeting

"**Date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of Shares representing ten per cent (10%) of the total number of ordinary share of the Company, as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date) unless:

(a) the Company has, at any time during the relevant period reduced its share capital by a special resolution under Section 78B or Section 78C of the Act; or

(b) the Court has, at any time during the relevant period, made an order under Section 78I of the Act confirming the reduction of share capital of the Company; and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent (110%) of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition; and

(d) the Directors and/or any of the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution." (See Explanatory Note 2) **(Resolution 9)**

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 4 February 2016 at 5.00 p.m. to determine shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 4 February 2016 will be registered to determine shareholders' entitlements to the proposed dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on 18 February 2016.

BY ORDER OF THE BOARD

LEE CHUN FUN (MS)
LOW MEI WAN (MS)
Company Secretaries
13 January 2016

Notice of Annual General Meeting

Explanatory Notes:

1. Resolution 8, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8 in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of Shares (excluding treasury shares) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 8 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of Shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 8, the total number of Shares (excluding treasury shares) is based on the Company's total number of Shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 9, if passed, will authorise the Directors to make purchases of otherwise acquire Shares from time to time subject to and in accordance with the guidelines set out in Appendix I, the Listing Manual and such other laws as may for the time being be applicable. This authority will continue in force until the next annual meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting.

   (b) A member of the Company having a share capital who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (which number and class of Shares shall be specified).

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Company Share Registrar's office at 80 Robinson Road #11-02, Singapore 068898, not later than forty-eight (48) hours before the time appointed for the Meeting.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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BRC ASIA LIMITED

(Incorporated in Singapore)
(Company Registration No. 193800054G)

Proxy Form for Annual General Meeting

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in the capital of BRC Asia Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ NRIC/Passport No. ______________

of ____

being a member/members of BRC ASIA LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company, to be held at 5 Sixth Lok Yang Road, Singapore 628103 on Thursday, 28 January 2016 at 10.00 a.m. and at any adjournment thereof.

The Chairman intends to cast undirected proxy votes in favour of each of the proposed resolutions. Where the Chairman is appointed as *my/our proxy/proxies, *I/we acknowledge that the Chairman may exercise *my/our proxy/proxies even if he has an interest in the outcome of the resolution.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2015 and Auditor's Report thereon.		
2.	To declare a final tax-exempt (one-tier) dividend of 2 Singapore cents per ordinary share for the financial year ended 30 September 2015.		
3.	To approve the Directors' fees of $307,500 for the financial year ended 30 September 2015 (2014: S$307,500).		
4.	To re-elect Mr. Seah Kiin Peng (Article 99).		
5.	To re-elect Mr. Ooi Seng Soon (Article 99).		
6.	To re-elect Mr. Foo Sey Liang (Article 103).		
7.	To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Authority to issue shares.		
9.	To approve the renewal of the General Mandate for Share Purchase.		

(Please indicate with a tick (√) within the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ______________ day __________ of 2016

Total No. of Shares in	No. of Shares Held
CDP Register	
Register of Members	

____

Signature(s) of member(s) or Common Seal

**Delete as appropriate*

IMPORTANT: Please read notes overleaf before completing this Proxy Form.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's proxy form appoints more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent one hundred (100) per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. The Company shall be entitled: (1) to reject any instrument of proxy executed by a Depositor if the Depositor's name does not appear in the Depository register seventy-two (72) hours prior to the commencement of the relevant General Meeting as certified by The Central Depository (Pte) Ltd ("CDP") to the Company; and (2) for the purpose of a poll, to treat an instrument of proxy executed by a Depositor as representing the number of shares equal to the number of shares appearing against his name in the Depository Register referred to in (1) above, notwithstanding the number of shares actually specified in the relevant instrument of proxy. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's office at 80 Robinson Road #11-02, Singapore 068898, not less than forty-eight (48) hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its representative or attorney duly authorised.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must, be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

AFFIX
STAMP

BRC Asia Limited
c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02, Singapore 068898

Corporate Information

BOARD OF DIRECTORS
Sia Ling Sing (Non-Executive Chairman)
Lim Siak Meng (Group Managing Director)
Seah Kiin Peng (Executive Director)
Ooi Seng Soon (Independent Director)
Tan Lee Meng (Independent Director)
Lau Eng Tiong (Non-Executive Director)
Foo Sey Liang (Non-Executive Director)

KEY EXECUTIVE OFFICERS
Lim Siak Meng (Group Managing Director)
Seah Kiin Peng (Executive Director)
Ng Meng Seah (Senior Marketing Manager)
Lee Chun Fun (Group Financial Controller)
Tan Lau Ming (Works Manager)
Ong Lian Teck (Group Business Development Manager)
Lau Wee Min (Corporate Communications Manager)

REGISTERED OFFICE
350 Jalan Boon Lay
Jurong Industrial Estate
Singapore 619530
Tel: 6265 2333
Fax: 6264 3063
Website: www.brc.com.sg

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Tan Peck Yen
(since financial year ended 30 September 2013)

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARIES
Lee Chun Fun
Low Mei Wan

SOLICITORS
Harry Elias Partnership LLP
Drew & Napier LLC

PRINCIPAL BANKERS
ANZ Banking Group Limited
DBS Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
HSBC Limited
United Overseas Bank Limited
CIMB Bank Berhad

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